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NEWS SUMMARY

GENERAL

Captives 'to leave Iran tomorrow'

The three British missionaries detained in Iran are likely to fly home tomorrow evening, the Archbishop of Canterbury said yesterday.

Iran said the missionaries — John and Audrey Coleman and Jean Waddell — had been cleared of suspicion of espionage and would leave for home soon.

But a fourth captive Briton, businessman Andrew Pyke, would remain in prison.

Proposals on coal

The National Coal Board and the National Union of Mineworkers agreed to ask the Government tomorrow for a programme of coal import cuts and expanded production. Back Page

S. Africa response

South African Premier P. W. Botha said yesterday that threats by the Soviet Union would not prevent South Africa from attacking bases of the banned African National Congress in neighbouring countries.

Snowdonia rescue

A 20-year-old girl climber who collapsed in Snowdonia was rescued after an 11-hour search in sub-zero temperatures. Many roads in West Yorkshire and the Peak District remained blocked by snow, but a general thaw was reported. Weather, Back Page

Saudi warning

Saudi Arabia threatened to buy arms from Moscow if it found "the doors closed to American and Western arms." Page 3

Rigs crackdown

Energy Minister Hamish Grey is to crack down on offshore supply companies employing cheap labour on North Sea oil rigs. Page 6

N-power call

European governments are being urged by the Brussels Commission to press ahead with nuclear power programmes. Page 2

Ulster threats

Ulster's Official Unionist Party leader James Molyneaux said his life had been threatened eight times since Christmas.

Shell claims £24m

Shell International Petroleum made a £24m claim against Lloyd's underwriters over the loss of the cargo of the tanker Salem, allegedly scuttled off West Africa last year. Page 6

Zimbabwe unrest

Three people were injured in political violence involving former guerrillas in Zimbabwe at the weekend, police sources said.

Israeli raid

Five Palestinian guerrillas and three Lebanese civilians were killed in an Israeli raid in South Lebanon. Page 3

Trudeau move

Premier Pierre Trudeau ruled out the possibility of asking Canada's Supreme Court to rule on the legality of his proposed constitutional reforms before they are sent to Westminster. Page 4

Ailing jail

London's Pentonville Prison is in such a bad state that entire wings could fall apart if an attempt were made to replace the roof, prison administration officers told a Commons committee.

Briefly...

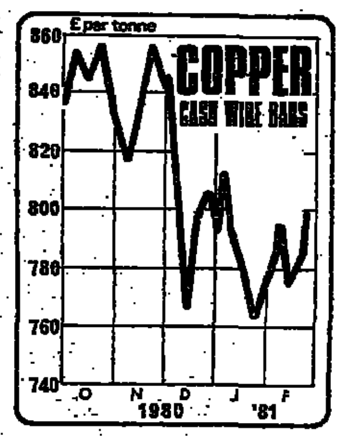
Iran's leader Ayatollah Khomeini ordered police to prevent any further attacks on public meetings following several incidents. Page 3

Diplomatic moves are under way to resolve Peru's border conflict with Ecuador. Page 4

BUSINESS

Dollar firmer; Gold off $5

- STERLING fell sharply on Press speculation about MLR cuts. It closed at $2.2455, 6.45 cents down and its lowest close since last April, and DM 4.745 (DM 4.845). Its Bank of England index fell to 100.4 (102.5). Page 29
- DOLLAR was firm, finishing at DM 2.1110 (DM 2.0975) and SwFr 1.9040 (SwFr 1.8875). Its trade-weighted index rose to 99.5 from 98.5. Page 29
- *GOLD* lost $5 in London on the strength of the dollar, to close at $502.5. Page 29
- GILTS were firmer on hopes of interest rate cuts. The Government Securities rose 0.16 to 69.33. Page 32
- EQUITIES eased, the FT 30-Share index closing 1.8 lower at 486.6. Page 32
- COPPER put on £14 a tonne for cash wirebars and finished at £799.50. Page 31



- WALL STREET was 5.65 higher at 941.74 before the close. Page 30
- BRITAIN'S exports to West Germany last year increased by 20.5 per cent to £5.7bn, and its trade deficit narrowed to under £600m. Page 4
- U.S. is ready to let Poland defer payment of $80m (£35.6m) in interest due on official U.S. agricultural credits. Back Page
- EEC unemployment was a record 8.5m last month. Greece, included for the first time, added 71,000 to the total.
- SWISS foreign trade deficit last month declined from 1980's record to SwFr 390.9m (£84.7m), compared with SwFr 750m in *December 1980 and January 1980.*
- CODE OF PRACTICE for improving the clarity and usefulness of local authorities' annual reports and financial statements was agreed. Page 7
- COAL users in the private sector will not be able to take advantage of price cuts offered by the NCB as an inducement to British Steel and the CEGB to reduce coal imports. Page 8
- WATER WORKERS in several areas began limited industrial action and others threatened all-out strikes in the next few days. Page 9
- TALBOT UK will implement new manning levels and working practices at its Coventry plant today despite union warnings of industrial trouble.
- REUTERS launched a video screen service enabling banks to buy and sell money around the world *within seconds.* Page 6

COMPANIES

- THOMSON Newspapers, Canada's biggest newspaper group, joined oil group Calgary to bid C$31 a share for Abitibi-Price, the world's largest newsprint maker. Back Page
- ALEXANDERS HOLDINGS, Scotland's biggest Ford main dealer, reported pre-tax profits down to £416,000 from £463,000. No dividend is payable. Page 22
- LUFTHANSA, West Germany's national airline, told shareholders it stayed in the black last year but profits were significantly down on 1979's DM 78.2m (£15.4m) pre-tax. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 3% 1985	£74¼	+ ¼
Treasury 11¾% 1989	£90¾	+ ¼
Alexanders Hldgs.	12½	+ 2
Avena	235	+ 13
Barker & Dobson	17½	+ 1½
British Aerospace	174	+ 3
Commercial Union	153	+ 5
Dawson Intnl.	156	+ 5
Ferranti	515	+ 10
General Accident	306	+ 10
Grindlays	162	+ 6
Henlys	87½	+ 6½
Jerome	86	+ 7
Johnson Matthey	225	+ 6
Nottingham Mfg.	118	+ 9
Robertson Foods	168	+ 7
Unilever	473	+ 8
Inch Kenneth Kajang	183	+ 8
Malakoff	144	+ 20
Anglo American Invs.	£42½	+ 1
Vaal Reefs	£31½	+ ¾
West Driefontein	£38	+ 1½

FALLS		
Beecham	174	− 5
British Vending	23½	− 3½
Davy Corp.	147	− 5
Fisons	135	− 5
ICI	284	− 8
Lloyds Bank	328	− 7
Reardon Smith	168	− 12

Civil Guard hold MPs hostage in military takeover threat

Spanish Parliament seized

BY ROBERT GRAHAM IN MADRID

SPAIN'S infant democracy was yesterday faced with the grim prospect of a military takeover and civil strife when members of the paramilitary Guardia Civil burst into Parliament and held the 350 members hostage.

This act of rebellion was quickly followed by an announcement from the hardline head of the Third Military Region in Valencia, General Jaime Milans del Bosch, declaring a state of emergency.

In a proclamation at 8 pm local time, he said that all public services had been put under military control, people could be subject to military jurisdiction, all strikes were banned, and a curfew instituted.

It was announced that elements of the Guardia Civil had taken over control of Spain's main TV station on the outskirts of Madrid. It also emerged that the leaders of the main political parties had been removed from the main debating hall of Parliament.

Among those removed were former Premier, Adolfo Suarez, the leader of the Socialist Party, Sr. Felepoe Gonzales and the head of the Communist Party, Santigo Carrillo.

The two local radio stations were also taken over by the military.

A successful attempt by the Guardia Civil or the military to take control of the country could lead to the abdication of King Juan Carlos, who passionately believes in democratic government.

It would be bitterly and perhaps violently opposed by all Left-wing forces and the trade union movement.

It would also cause Spain serious international problems, and could bring to an end the country's atttempt to join the Common Market.

Last night it was still unclear whether other heads of military regions would follow the lead of General Milans del Bosch.

The Guardia Civil has been traditionally under the control of the Army and commanded by a general.

A faction of the Guardia Civil took over Parliament at 6.20 pm local time just when voting had begun on a second-round vote of confidence to endorse Senor Leopoldo Calvo Sotelo, the Prime Minister-designate.

A man in a lieutenant-clonel's uniform entered the Chamber brandishing a pistol, shouting for calm, and saying no one would be injured.

He walked up to the podium where the Speaker, Senor Landelino Lavilla, was sitting.

One eye-witness subsequently released from Parliament said: "There was a commotion and about 15 Guardia Civil came in.

"There was a shout for everyone to lie on the floor to put their hands behind their backs. There was then a volley of automatic fire at the ceiling."

"Immediately more Civil Guards rushed into the chamber. The shots were fired at the ceiling and it seems that the injuries, such as there were, came from falling masonry. The firing lasted for about one and a half minutes."

The incident was transmitted live on radio but shortly after that all communications with the Parliament building were cut.

A group of about 200 Guardia Civil had completely surrounded the building, normally guarded by civilian police.

A long line of army vehicles with troops apparently from the Madrid region armoured division was seen moving south toward the capital, motorists reported according to *Associated Press.*

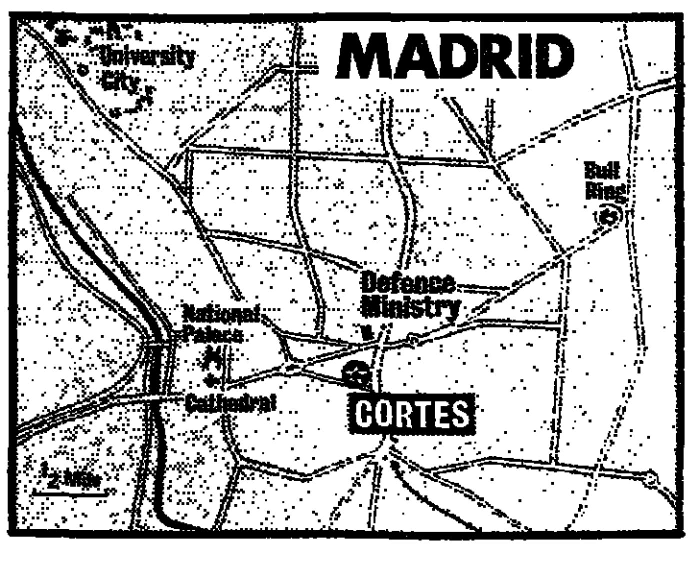
There were at least 300 police *lower down in front of the* Parliament building who said they were under the orders of the Guardia Civil. There was no sign of ambulances leaving.

About three-quarters of an hour after the incident a senior army staff car pulled up and

Continued on Back Page

The events up to the rebellion

NOVEMBER, 1975, General Franco dies. Juan Carlos becomes King.
JULY, 1976, Sr. Adolpho Suarez appointed Prime Minister.
DECEMBER, 1976, referendum approves Sr. Suarez's constitutional proposals including a bicameral legislature.
JUNE, 1977: General election result: Democratic Centre Union (Suarez's party, being mainly conservative but with a social democrat admixture) 34 per cent. Socialists 29 per cent, and Communists 9 per cent.
NOVEMBER - DECEMBER, 1978: Autonomy statutes published for Catalonia and Basque Country.
NOVEMBER, 1978: Military plot to overthrow Government foiled.
MARCH, 1979: General election in which Sr. Suarez consolidates his position but falls short of absolute majority.
JANUARY, 1981: Sr. Suarez resigns unexpectedly.
FEBRUARY 11, 1981: Death after police interrogation of suspected Basque terrorist Jose Arregui.
FEBRUARY 20, 1981: Parliament denies vote of confidence to premier-designate Sr. Leopoldo Calvo-Sotelo.



Duport to close steel works at Llanelli

BY HAZEL DUFFY AND RAY MAUGHAN

DUPORT, the steel and engineering group, in financial difficulties, is to close its steelworks at Llanelli in South Wales, with the loss of over 1,100 jobs. Its steel processing interests in the West Midlands and Sheffield are to be transferred temporarily to the British Steel Corporation.

These interests, according to plans being worked out by BSC and private steelmakers, will eventualy become part of a rationalised engineering steels industry in both the public and private sectors to reduce overcapacity.

The announcement of an outline agreement was made yesterday on the eve of the major policy statement that the Government is to write off at least £3.7bn of BSC's debts and losses, and inject further substantial sums of public money into BSC.

The steel package was agreed yesterday by Ministers and is the latest sign of the Government's new readiness to temper its basic non-interventionist strategy to events.

Although the statement is expected to refer to the Government's efforts to find *solutions to the private steel sector's* problems, Tory backbenchers are expected to press for the BSC to be directed not to harm the private sector by aggressive pricing policies.

The price Duport has had to pay to survive is the closure of one of the most modern electric arc furnaces in the country.

Duport will be left with its foundries, consumer products and plastics divisions following the transfer of the London Works (Warley) re-rolling activities and the Flather bright drawn steel facilities in Sheffield to BSC. The steel processing operations employ about 2,000.

The Government has approved of the transfer in the absence of any other solution to Duport's pressing financial problems which have jeopardised the company's trading position. The steel division as a whole is thought to account for about 70 per cent of the group's capital employed.

The provisional agreement has been reached after weeks of discussions with BSC and the Government.

Duport and Llanelli Profile Page 6
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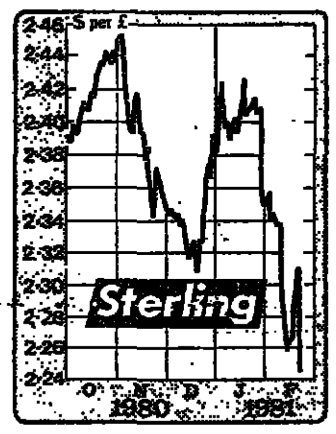
NCB and NUM, Back Page

Sterling drops 6.45 cents

By David Marsh in London and Stewart Fleming in Frankfurt



STERLING dropped 6.45 cents yesterday to close in London at $2.2455, the lowest for 10-months, as the foreign exchanges reacted to the possibility of a big drop in Minimum Lending Rate in next month's Budget.

The pound was also weak against Continental currencies finishing 10 pfennigs lower at DM 4.7450. The trade-weighted index of the value against a basket of other currencies closed at 100.4, sharply down from Friday's 102.5 and nearly 4 per cent below its peak 10 days ago.

Reports that the Government is considering a larger than expected cut in MLR next month—possibly by as much as 3 percentage points from the present 14 per cent —spurred buying on the gilt-edged market.

Medium term stocks rose up to £¾ and the Government broker was able to supply more of the medium term tap, 12 per cent Treasury 1986, at the higher prices of £20½ and then £20[illegible].

The downward trend of UK interest rates was again underlined by a sharp fall in money market rates. The key 3-month interbank rate dropped to 12⅝ per cent from 13 per cent on Friday.

U.S. interest rates also continued their recent easier trend, with Continental Illinois becoming the first major bank to lower its prime to 18½ per cent. Most other banks are still at the 19 per cent or 19½ per cent level.

The dollar, however, firmed generally, rising to a London close of DM 2.1110 against DM 2.0975 on Friday, and to SwFr 1.9040 from SwFr 1.8875.

The D-Mark was weakened by some seeticism among Frankfurt dealers on how

Continued on Back Page
Money Markets, Page 29
Commodities, Page 31

Brezhnev ready for summit meeting with Reagan

BY DAVID SATTER IN MOSCOW

MR. LEONID BREZHNEV, the Soviet Presdent, yesterday said he was ready for a summit meetng with President Ronald Reagan of the U.S., and would welcome an "active dialogue" with the new U.S. Administration "at all levels."

Reviewing world and domestic affairs in a speech to the 26th Congress of the Soviet Communist Party, Mr. Brezhnev said it was universally recognised that in many ways the world situation depended on relations between the U.S. and the Soviet Union. Summit meetings had been a "crucial link" in the past, Mr. Brezhnev said.

The Soviet Union was ready to maintain such links, he added, and in general wanted "normal relations" with the U.S.

"There is simply no other sensible way from the point of view of the interests of both our nations and of humanity as a whole," he said.

The Soviet Union wanted strategic arms limitation talks with the U.S. based "on the preservation of everything positive achieved until now in this sphere," the President added. The absence of any *demand that SALT II must first* be ratified gave rise to speculation that the Soviet Union was now ready to renegotiate the treaty. Mr. Leonid Zamyatin, a Soviet spokesman, said however, that would be an "incorrect interpretation."

In a review of the world situation rule in Poland and vowed that Poland would not be abandoned in its "hour of need."

He appeared to give qualified support to efforts by the Polish Communist leadership to stablise the country by warned that "the pillars of the Socialist State in Poland," were in jeopardy.

On Afghanistan, Mr. Brezhnev said Soviet troops would not be withdrawn until "the infiltration of counter-revolutionary gangs" had been stopped. He added, however, that "outside interference" in Afghanistan could be taken up in international discussions which also dealt with guarantees against foreign interference in the Persian Gulf."

Mr. Brezhnev made eight military and political proposals for easing international tension. The most important of these appeared to be a proposal to ex*tend the area covered by Euro*pean agreements on military confidence building measures (MCBMs) such as prior notification of troop movements from the western border of the USSR to the Urals, provided this could also be extended to include new areas in the West

Other proposals made by Mr. Brezhnev included a freeze on installation of medium-range missiles in Europe; a plan to limit deployment of giant on confidence building measures nuclear submarines; a propos... in the Far East; and establishment of an international committee of scientists to examine the consequences of nuclear war.

The address was given in Mr. Brezhnev's name, but he may not have delivered all of it himself.

Western correspondents were not admitted into the Kremlin Palace of Congresses where the session was held, and Mr. Brezhnev was shown on Soviet television delivering only the introduction and conclusion

The remainder of the text was read by Mr. Igor Kirillov, a veteran Soviet television announcer, with no explanation of why the direct transmission had been cut off.

Brezhnev's concilatory stance to the West, Page 2

Hoover reports £2.75m loss and halves dividend

BY JOHN MOORE

HOOVER, the domestic appliance *manufacturer,* is reducing its final dividend by nearly 70 per cent after reporting a pre-tax loss of £2.75m for the year to the end of December.

The figures, based on the historic cost accounting system, compare with pre-tax profits of £1.86m for 1979.

On inflation adjusted current cost figures the underlying losses at Hoover, a nearly 71 per cent owned subsidiary of the Hoover Company of Ohio, U.S., have grown from £5.5m in 1979 to £12.3m last year.

A final net dividend of 2p per share, compared with 6.39 per share the previous year, is to be paid. For the whole financial year, the total dividend payout is halved from 12p to 6p per share.

Hoover said yesterday that consumer demand remained flat; price competition was severe both in the UK and on the Continent due to general economic conditions.

Costs associated with redund*ancies and short-time working* in the group's UK factories had an adverse effect on profits.

Last year the group reduced its workforce from around 11,000 to 10,000 through natural wastage and 500 redundancies.

The group warned that "further redundancies cannot be ruled out in the current year." Other rationalisation measures were planned.

In the final three months of the last financial year Hoover suffered a trading loss of £2.2m, which, combined with foreign exchange losses of £355,600, resulted in a loss of £2.6m before tax for that period.

The group said that prices of its washing machines had been under pressure from competition, although the group was holding its market share.

However, imported floor cleaners in the UK accounted for 36 per cent of the market, compared with 21 per cent the previous financial year and eroded some of Hoover's market share.

Hoover in the red, Page 22
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Brezhnev turns conciliatory face to West

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE SOVIET President, Mr. Leonid Brezhnev, made a determined bid yesterday to present a strong, but reasonable, image of the Soviet Union during keynote speech to the 26th Soviet Communist Party Congress.

It was all in marked contrast to the tough, accusatory tone assumed by Mr. Dimitri Ustinov, the Defence Minister only two days earlier. In a Pravda commentary, Mr. Ustinov accused the West of trying to re-start the Cold War and making preparations for military conflict.

Mr. Brezhnev, who appeared only briefly on the television broadcast of his reported five-hour speech—for six minutes at the beginning and 10 minutes at the end. He insisted on the need for the two super-powers to restart their dialogue and proposed that this should take place at the highest level.

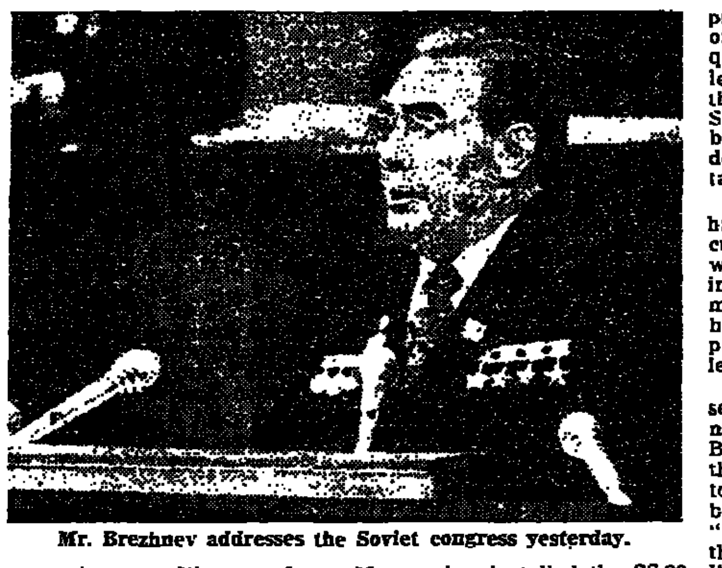
He made clear that the main aim of such a summit meeting would be to try to get the Strategic Arms Limitations Agreement (SALT 2) negotiations back on the road again.

Significantly, the last U.S.-Soviet summit in Vienna in 1979 was staged in order to provide the requisite degree of solemnity for signature of the agreement by the two country's leaders. Summit atmospherics, however, were not enough to suppress the suspicions of a reluctant U.S. Senate whose worst fears of Soviet intentions were subsequently reinforced by the invasion of Afghanistan.

Mr. Ronald Reagan, the new U.S. President, meanwhile, has shown no desire for any such meeting with his Soviet counterpart and made obvious his deep suspicion of Soviet intentions. This is reflected most graphically in last week's U.S. budget proposals which herald a sharp increase in military spending and renewed pressure on Western Europe to match.

It is this prospect of a concerted Western effort to match higher Soviet military spending which has proved so unsettling to the Moscow leadership.

There is little in Mr. Brezhnev's long list of military confidence building and arms control proposals, however, to suggest that the Soviet Union is prepared to make serious



Mr. Brezhnev addresses the Soviet congress yesterday.

concessions to Western fears that the momentum of its arms build-up has brought the country beyond the point of parity and into superiority in some areas.

The West is particularly concerned by the speed with which Moscow has installed the SS-20 medium-range mobile nuclear missile in the western part of the Soviet Union. The West German Defence Minister estimated last week that 150 of these missiles are now in service. Yet all that Mr. Brezhnev proposed yesterday was a freeze on such weapons at "existing quantitative and qualitative levels." If the West agreed to this proposal it would leave the Soviet Union with large numbers of highly accurate and deadly new missiles pointing at targets in Western Europe.

NATO forces, on the other hand, would be left with their current obsolete weapons and would be barred from introducing the Pershing 2 and Cruise missiles, whose manufacture has been agreed but whose deployment will not come for at least three years.

Proposals like this cast serious doubt on the true nature of the rest of Mr. Brezhnev's proposals, including the interesting new suggestion to broaden military confidence-building measures to include "the entire European part of the Soviet Union, provided the Western states extend the confidence zone accordingly."

This is taken to mean including in future discussions the so-called U.S. "forward-based systems" and the French and British deterrents.

Mr. Brezhnev's specific proposal for limiting the deployment of new types of submarine and submarine-based missiles will also have to come under closer scrutiny before any conclusions can be drawn. But the rapid growth and increased sophistication of the Soviet submarine fleet, with its implied threat to the vulnerable sea lanes of the Western world, is now a major concern to Western strategists.

The Soviet President singled out the new Ohio-type U.S. submarines for special attention. But he made no reference to the 30,000 ton, titanium-hulled submarine which the Soviet Union is now building as a massive underwater weapons system worthy of the fertile imagination of Jules Verne.

Moving beyond the purely military aspects of his speech, Mr. Brezhnev also made a bid to re-insert the Soviet Union into the mainstream of Middle East politics from which it had been excluded by the Camp David agreements. He called for an international conference on the Middle East in which the Soviet Union would clearly like to play a similar role to that

once promised it as co-chairman of the Geneva Conference.

On Afghanistan, too, Mr. Brezhnev was superficially forthcoming. He expressed willingness to discuss the future international, but not internal, position of that country either on its own or in the wider context of a conference on security in the Gulf area. All this, and any future withdrawal of Soviet troops, however, depended on an end to "infiltration of counter-revolutionary gangs."

Finally, to his friends in Poland, Mr. Brezhnev promised not to abandon them in their "hour of need." After the ritual denunciation of Western imperialistic forces for stirring up trouble, he admitted that part of the problem was due to the mistakes of the old regime.

World tourism 'rises by 5%'

Some 285m tourists went abroad last year, between 5 and 6 per cent more than in 1979, according to provisional estimates of the World Tourism Organisation, writes John Wieks in Zurich. Of the international total for foreign tourists, about 208m travelled in European countries.

Major sources for international tourists remain West Germany, France, Britain and the U.S. Initial figures also point to a massive increase in journeys by British tourists to Portugal, Austria, Switzerland and West Germany and a smaller rise in holidays in Belgium and Finland.

Swiss trade improves

The Swiss foreign trade deficit, which reached record dimensions last year, declined substantially in January, writes John Wicks in Zurich. A trade gap of SwFr 390.9m (£84m) last month compared with deficits of more than SwFr 750m for both the previous month and the corresponding month last year. Compared with January, 1980, Swiss exports were up by 6.5 per cent in nominal terms. Imports dropped by 3.4 per cent.

Norway oil spill

Norway has been unable to trace the insurers of a Greek cargo vessel, the Deifovos, which sank off the Norwegian coast last month, causing a major oil spill, writes Fay Gjester in Oslo. The Government hopes the insurers will pay part of the estimated NKr 1.6m (£130,000) cost.

Danish deficit down

Denmark's current account deficit fell last year to DKr 13.8bn (£890m) from DKr 15.3bn (£987m) in 1979, writes Hilary Barnes in Copenhagen. Changes in trade registration procedures, however, mean that last year's deficit is about Kr 800m lower than it would have been. The reduction was achieved mainly as a result of a reduced trade deficit. Imports in the final months of the year were actually lower than in the same period in 1979.

W. German disputes

The number of working days lost in labour disputes in West Germany dropped last year to 128,400 involving 45,200 workers, from 483,100 involving 77,300 workers in 1979, the Federal Statistics Office said, Reuter reports from Wiesbaden. A strike by Post Office workers accounted for 78 per cent of days lost last year.

Soviet energy call

The Soviet Union will be able to continue exporting oil and gas for the next 30 years if it takes decisive steps now to switch to nuclear power and coal, according to Mr. Anatoly Alexandrov, president of the Soviet Academy of Sciences and leading advocate of nuclear power, Reuter reports from Moscow. He said in the newspaper Izvestia that the Soviet Union would have to make a radical change in its present pattern of energy consumption, which depends half on oil, and a quota each on coal and other energy sources.

W. German railways head for £1bn loss

BY KEVIN DONE IN FRANKFURT

THE Deutsche Bundesbahn, the West German railways, is heading for a record post-war loss of DM 4.8bn (£1bn) this year—a 26 per cent rise on last year's deficit of DM 3.8bn.

At the same time, the railways' finances are being hit by growing stringency in Bonn. Towards the end of last year cuts in federal subsidies forced the Bundesbahn to raise an extra DM 1.1bn from the capital markets. Further cuts imposed for 1981 mean that it is having to chop DM 800m off its capital spending programme this year.

The Deutsche Bundesbahn's debts have been growing inexorably over the last 10 years and by the end of last year its debts had climbed to DM 32.1bn.

Between 1977 and 1979, the Federal Government had to devote an average of about 6.5 per cent of its budget expenditure to the railways alone, partly to pay for tasks performed as part of the Government's social policy and to make up for competitive disadvantages, and partly to cover losses and as investment grants.

With costs outrunning its revenues the Bundesbahn will be forced to borrow heavily again this year and it is expecting its debts to jump to as much as DM 33.8bn by the end of 1981.

The surge in the railways' debts "is a development we see with great concern," said Herr Hans Hermann Reschke, the Deutsche Bundesbahn finance chief. "The resulting repayment and interest burden is reaching proportions that really cannot be justified commercially."

Debt repayment this year will reach DM 4.5bn against only DM 2.9bn last year, while interest payments are likely to rise to DM 2.6bn compared with DM 2.4bn in 1980.

The main weight of the railway's borrowing will fall on the domestic capital markets—gross funding needs will total DM 6.3bn compared with DM 5.2bn in 1980. But the Deutsche Bundesbahn is again looking to Saudi Arabia to meet part of its borrowing requirement.

Since 1975 the DB has been developing its contacts with the Saudi Arabian Monetary Agency and its borrowings over this period have risen close to DM 1bn.

Despite a 7.9 per cent rise in ticket prices last month, and a 6 per cent rise in freight charges the Bundesbahn is clearly planning further rises for later this year.

Its revenues are nonetheless expected to total only DM 25.9bn—a rise of DM 400m on 1980, while its costs are forecast to jump by DM 1.4bn to DM 30.7bn.

Car sales slump by 15%

NEW CAR registrations in West Germany in January were 15.5 per cent lower than in the corresponding month last year, according to the latest Government statistics.

The figures underline the car industry's struggle to regain some of the ground lost last year.

In 1980 new car registrations slumped by 7.5 per cent to 2.4m and car production fell by 10.5 per cent to 3.5m. At the same time German car producers suffered a sharp loss in their share of the overall car market with importers taking 26.3 per cent of domestic sales against 23.2 per cent a year earlier.

The industry is nevertheless standing by its ambitious investment programme, which is expected to reach DM 10.2bn in the total automotive industry in 1981, a rise of some DM 1bn over 1980.

With the general economy still weakening, the motor industry does not expect any recovery in production before the second half of this year

Share plan takes off in France

By Terry Dodsworth in Paris

FRENCH PUBLIC companies have given an unexpectedly positive response to the controversial worker participation law, which was seriously emasculated by a divided Parliament last autumn. The measures were pushed through after several hefty compromises were made chiefly to appease the Gaullist wing of the Government.

Following these concessions, it was widely felt that the law would make little impact, mainly because the Government had been forced to abandon its proposal to make share distribution to workers obligatory on all large quoted companies.

However, the majority of public companies appear to have come down in favour of applying the new, optional Act. According to an inquiry by Les Echos, one of France's leading business newspapers, about two-thirds of the companies quoted on the Paris stock exchange have said they will distribute shares to workers and many more may have declared by this week's deadline.

Up to 3 per cent of a company's capital can now be distributed to workers after the creation of new shares.

Two main reasons are given for the strong response. The first is that many companies see it as a prudent political step at a time of some uncertainty approaching the presidential elections. While several large concerns have appeared lukewarm to the proposals in public, they do not want to be seen as openly snubbing the Government.

Secondly, the 3 per cent equity hand-out to workers comes as a convenient financial bonus at a time when salaries are stagnating. Since 65 per cent of this distribution will be financed by interest-bearing government loans, it is also cheaper to companies than most other methods of remuneration.

The Act was designed to give a new impulse to workers' participation in France, first started more than 20 years ago by General de Gaulle.

Italian steelworkers strike over cut in pay

BY RUPERT CORNWELL IN ROME

SOME 40,000 workers at the Italian state-owned Italsider steel concern yesterday went on strike in protest at the company's plan to pay only 70 per cent of normal salaries this month. The management says this drastic measure, was forced by the Government's failure to provide new funding.

The strike is the latest illustration of Italsider's growing difficulties. These were starkly put 10 days ago by Sig. Giovanni Mario Costa, its president, when he stated that, without L1,250bn (£521m) of fresh finance, the company would be forced into liquidation by the end of March.

Attempts to bail out Italsider have foundered so far amid feuding between the Ministries concerned. An urgent search for a compromise is under way, both to contain the anger of the workforce and head off another potential strain on Sig. Arnaldo Forlani's shaky coalition.

The dispute is essentially between Sig. Gianni de Michelis, the Socialist Minister of State Shareholdings, and an alliance of Sig. Giorgio la Malfa, the Republican Budget Minister, and Sig. Nino Andreatta, the Treasury Minister and a Christian Democrat.

Sig. de Michelis is pressing for swift and basically unconditional aid for the group. But Sig. la Malfa and Sig. Andreatta insist that help should preferably be limited and tied to a longer term reconstruction programme to comply with the need to contain Italy's public sector borrowing requirement and Brussels guidelines for state aid to national steel industries.

The latest of innumerable meetings between the Premier and leaders of the four fractious parties which support him agreed on Friday to wipe the slate clean, after a string of embarrassing government defeats the previous day on its 1981 Finance Bill.

For the time being therefore, that episode and the protracted arguments about terrorism are behind them. But the coalition is still beset by divisions over its economic strategy and deeply nervous about mounting unrest in Naples, whose age-old problems have been aggravated by November's earthquake.

The general unease has been magnified by proposals from Sig. Bruno Visentini, former Finance Minister and now president of both Olivetti and the Republican party, for a new method of government which would lessen the parties' stranglehold on any administration.

The coalition partners, particularly the Socialists and Social Democrats, have poured scorn on Sig. Visentini, suggesting that his appeal for more efficient rule is a thinly masked attempt by a so-called "new Right" to bring in a more authoritarian regime in Italy.

But the proposals have been given a guarded welcome by the Communist party and have won backing from some influential newspapers.

The Socialists and other opponents of Sig. Visentini are particularly worried that his scheme, for Ministers of proven quality and impromptu parliamentary majorities for individual measures, would inevitably involve Communist backing on some occasions and Cabinet posts for people close to, if not directly belonging to, the Communist party.

This would diminish the importance of the smaller centre parties, whose influence depends on the Communists being in opposition.

Ten urged to press on with nuclear power

BY JOHN WYLES IN BRUSSELS

EUROPEAN governments are being urged by the Brussels Commission to stand up to their environmental lobbies and press ahead with nuclear power programmes aimed at cutting back dependence on imported oil.

The Commission's view of whether some member states will now achieve their nuclear power plans have changed from scepticism to disbelief. As a result, it regards the Community's formal target of 125 gigowatts of nuclear capacity by 1990 as virtually impossible and less than 100 gigowatts as more likely. Current nuclear capacity amounts to 33 gigowatts.

In a statement to be discussed by Energy Ministers next Tuesday, the Commission suggests that oil's share of prime energy consumption in 1990 will be 43 per cent instead of the 40 per cent targeted.

Last year, member states set themselves the goal of covering 75 per cent of their primary energy needs for electricity production from nuclear and solid fuels. Unfortunately some member states, such as West Germany and Italy, are falling behind on ordering nuclear power stations, while others such as Ireland and Denmark, are reluctant to embark at all on nuclear power programmes.

Nuclear-based electricity costs little more than half that of coal-fired products, and every gigowatt of nuclear power saves about 1.3m tonnes of oil, worth $315m a year at current prices. The Commission acknowledges that public anxieties are largely responsible for delays to nuclear programmes, but it argues that the Ten cannot afford any further slips.

About 12.5 per cent of EEC electricity is derived from oil and the Commission wants the Ten to reduce this to less than 10 per cent. At the moment only West Germany, for whom oil is 8 per cent of primary sources, comes under this target

Britain blamed for record jobless level

BY GILES MERRITT IN BRUSSELS

BRITAIN'S RISING unemployment has now been pinpointed by the European Commission as a major factor responsible for last month's record EEC jobless figure of 8.5m.

In the 12 months since January, 1980, unemployment in Britain rose by 65 per cent to 2.4m, and accounted for about half of all new unemployment in the then Community of Nine.

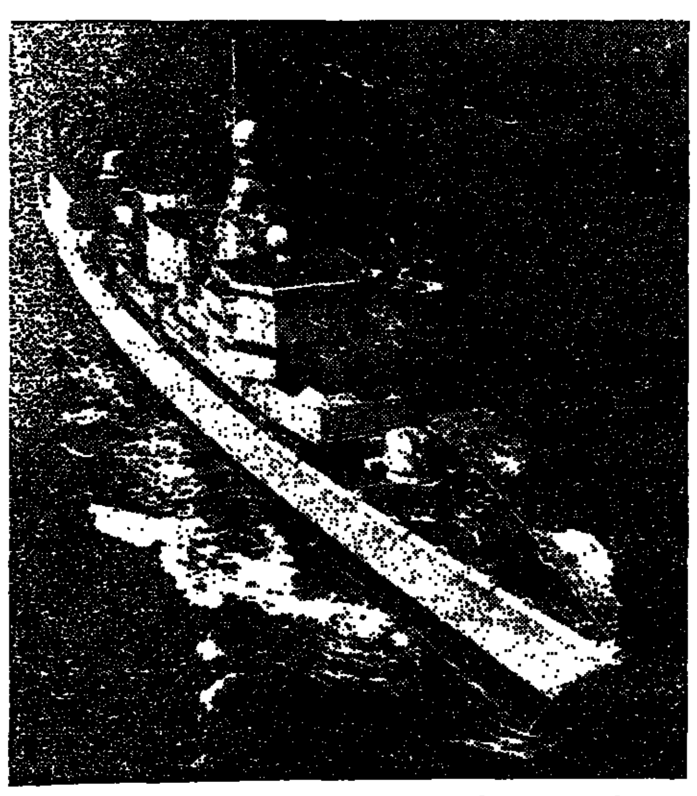
At the same time, male unemployment in the UK went from 6.4 per cent to 10.9 per cent last month, placing Britain second only to the Irish Republic in that league table.

Figures released yesterday by the Brussels Commission show that January saw the biggest ever rise in European Community unemployment for a single month. Within the Nine, registered unemployed jumped by 500,000 from the December, 1980 figure of 7.94m, while the accession of Greece brought the unemployment total to the Community up by a further 70,000

The unemployment rate for the Nine is thus now 7.7 per cent—and for the Ten 7.5 per cent thanks to Greece's low rate of 2.1 per cent. Ireland has once again overtaken Belgium to top the jobless charts with an overall rate of 11 per cent against the Belgian 10.6 per cent. The UK is 9.3 per cent.

Charles Batchelor, in Amsterdam, reports on Rijn-Schelde Verolme's bid to enter the international market

The Netherlands: naval shipbuilders to the world



Vessels built by RSV, like the Kortenaer-class frigate above, have made the Dutch navy one of the world's most modern.

MR ALLERD STIKKER, chairman of Rijn-Schelde Verolme (RSV), the Dutch shipbuilding and engineering group, is used to the uncertainties of the arms business. The Iranian revolution deprived his company of its largest-ever order: discussions were well advanced over the sale of eight frigates worth around Fl 2.5bn (£464m) and Parliament had approved the export licence when the Shah was overthrown.

The sale of two submarines to Taiwan would represent an important expansion for RSV in the international market. It would confirm the breakthrough made last September when Greece ordered one frigate, with options on two more—RSV's first foreign order for its current naval vessel building programme which ended its dependence on the captive home market.

RSV's salesmen have put a great deal of effort over the past few years into breaking into the international market and there are signs that their efforts have begun to show results. The Dutch have begun penetrating markets previously reserved almost exclusively for the large naval shipbuilding nations such as Britain, West Germany, France and Italy.

Preliminary agreement has been reached with Portugal for the sale of one RSV standard frigate and for the construction of two under licence at a Portuguese yard. The company also hopes for a share in Canada's frigate building programme, while New Zealand has also expressed interest in Dutch-built ships.

Demand for RSV's surface ships is growing but, with the exception of Taiwan, the only country known to have expressed interest in RSV's submarines is India.

Strictly speaking, RSV already had a long-standing foreign customer in Indonesia, its former colony, but the traditional links between the two countries' navies explain this special relationship. RSV is now completing a series of three corvettes for Indonesia.

Updating fleet

The Dutch navy has been updating its fleet with vessels designed and built by RSV and has transformed itself into one of the most modern navies in the Atlantic Alliance. The company is building a series of 12 frigates for the Dutch navy as well as two conventional submarines of the Walrus class. RSV is also pressing the Government for a speedy decision on the order of four multi-purpose frigates.

RSV's naval division has been consistently the most profitable on the shipping side of the company's activities in recent years. It turned in an operating profit of Fl 10.5m in 1979, compared with the overall operating profit of Fl 15.1m which resulted from netting out the profits and losses of the company's nine divisions.

It has also been the fastest expanding division, nearly doubling turnover to Fl 602m in the two years up to the end of 1979. It accounted for a growing share of total sales—24 per cent in 1979 — as the company's civil construction and repair activities were slimmed in the face of the world shipbuilding slump.

The slump has left its scar on the company, whose last net profit was made in 1975 and which has since accumulated net losses of Fl 165m. Despite an injection of Fl 80m of state funds in the form of new share capital, RSV has seen equity capital and reserves shrink to Fl 230 per Fl 100 share from Fl 495 in 1975, the last year in which it paid a dividend.

Financial considerations apart, the Taiwan deal would also provide employment for 1,000 shipyard workers over four years. RSV has seen its workforce shrink from more than 32,500 to 26,500 since the mid-1970s, while overall Dutch unemployment is now at a post-war high of 340,000.

The problems of bothe the shipbuilding and the engineering sectors have left RSV a much leaner company than it was six years ago, although it is by no means out of its difficulties yet. After initially announcing it hoped to break even in 1980, it revised its forecast in October to an expected loss of around Fl 28m. This is largely because RSV has been forced to make Fl 50m worth of provisions to cover possible losses on process engineering contracts in Algeria.

Large vessels

The Dutch Government has pumped a total of Fl 450m into RSV over the past three years and taken a stake of 48 per cent in its equity. Plans to provide another Fl 250m to allow the company to retain the capacity to build large vessels were dropped last year after it emerged that even this would not be enough to guarantee the future of these activities.

Help for RSV was part of a Fl 1.5bn programme to restructure the entire shipbuilding industry at the end of the 1970s. A parliamentary commission has since concluded that most of this money had been spent to no avail. The Government has now adopted a much more pragmatic attitude to its shipbuilders and is no longer subsidising lame ducks.

Under this reorganisation RSV has shut down its heavy engineering components division. Originally set up to build nuclear power station equipment. Plans for RSV to merge its electrical engineering activities with those of a number of other companies have been called off after disagreements over who was to be in charge. But the Government is still keen to create a unified electrical engineering industry.

The most spectacular changes at RSV have been in the shipbuilding division. Capacity has been cut from 8m man hours a year in 1977 to less than 1m, while repair capacity has fallen from 8m to 5m man-hours.

RSV has been forced to clarify the unduly complicated management structure which had developed over the years from the series of mergers by which the company was formed. It has decentralised power to a number of operating divisions, with a small but powerful holding company management at the centre.

Van Agt criticises party's potential partners

THE DUTCH Christian Democrats voted overwhelmingly at a special weekend congress for Prime Minister Dries van Agt to lead the party in May's general election writes Charles Batchelor.

In a radio interview broadcast just before the congress, Mr. van Agt was strongly critical of the two left-wing parties, labour and the Democrats (Democrats 66), with which he may try to form a new coalition Government after the election. Nuclear weapons and the peaceful use of nuclear energy are the most important areas of disagreement, he said.

The special election congress approved the Christian Democrat's draft manifesto which calls for a delay in a decision on the stationing of new nuclear missiles in the Netherlands until December and for a halt in the building of new nuclear power stations.

Both Labour and the Democrats are opposed to the new NATO missiles and want to shut the country's nuclear power stations.

A three-way link between the Christian Democrats, Labour and the Democrats is seen by many politicians as the best way of forming a broadly-based progressive Government after the elections.

In the radio interview, Mr. van Agt warned the Labour party against setting preconditions for coalition talks. Labour's refusal to compromise during discussions after the 1977 election led to their exclusion from the present Government, despite the party's election successes.

Mr. van Agt attacked Labour for its plans to cut both nuclear and conventional armaments, saying it would be more honest if it simply announced it wanted to withdraw the country from NATO.

He criticised the Democrats for their unwillingness to join the present coalition of Christian Democrats and Liberals in a new Government. The Democrats have said they will join either the Christian Democrats or the Liberals but not both together.

The Dutch voting system means governments are inevitably coalitions. The Christian Democrats are keen to gain wider electoral support after the May 26 election than the narrow parliamentary majority provided by their current link with the Liberals.

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Saudis threaten to buy arms from Russia

BY JAMES BUCHAN

SAUDI ARABIA has increased pressure on the U.S. to provide additional equipment for its F-15 fighter bombers with a statement by Crown Prince Fahd that the Kingdom may buy arms from Moscow.

In a Saudi Press Agency statement yesterday, Prince Fahd said: "If we find the doors closed to American and Western arms, we might turn to the Soviet Union for weapons."

The statement is, in itself, largely rhetorical. It is now highly likely that Congress will agree to the sale of additional fuel pods and multi-ejection bomb racks to enhance the 60 F-15s to be delivered to Saudi Arabia next year.

The fiercely anti-Communist kingdom has had no diplomatic ties with the Soviet Union since 1938.

Saudi Arabia believes it needs the enhanced capability for the F-15s to protect its borders in the increasingly dangerous atmosphere created by the revolution in Iran which is 15 minutes flying time from Saudi oilfields.

At the same time, Saudi Arabia is using the enhancements as a test of U.S. political commitment to the kingdom, as opposed to Israel. Prince Fahd's statement was clearly prompted by Mr. Yitzhak Shamir, the Israeli Foreign Minister's visit to the U.S.

Mr. Shamir is reported to have secured "compensation" for the increased Saudi capability in terms of miltary aid to Israel—as occurred at the original sale of the aircraft three years ago.

By raising the diplomatic tempo over the enhancements, Saudi Arabia can impress on other Arab states that it can wield influence over the U.S., while placing some distance between itself and the sponsor of the Egyptian-Israeli peace treaty.

Saudi Arabia is also using the promise of arms orders for West European countries both to increase its influence over European attitudes to the Palestine question and to pressurise the U.S.

Although the kingdom yesterday denied reports that it was interested in the Anglo-German-Italian Tornado multi-role aircraft, it has discussed with West Germany the possibility of buying the Leopard II tank.

Indian survey calls for new import plan

BY K. K. SHARMA IN NEW DELHI

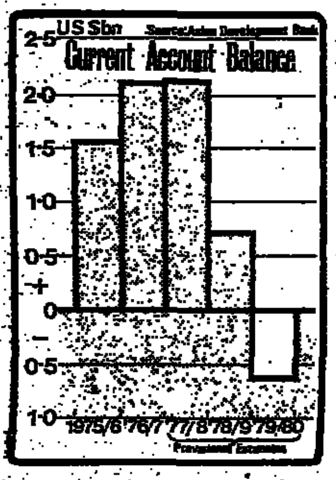
THE INDIAN Government expects the Gross National Product to increase by 6.5 per cent in 1980-81 compared to the decline of 4.5 per cent in 1979-1980. But the growth rate is nominal because it follows a dismal year

The estimates are included in the pre-budget economic survey for 1980-81 presented to Parliament yesterday by the Finance Minister, Mr. Venkataraman. The survey points out that the improvement is mainly a result of higher agricultural production of 19 per cent in 1980-81 compared to a decline of 15.5 per cent in the previous year. Industrial output is expected to grow by only 4 per cent.

Although the survey says the economy picked up in the second half of 1980-81, it also highlights many danger signals.

The main threats are inflation and the prospects of an increased balance of payments gap, partly caused by the high cost of imported oil which is the main contributor to the expected trade deficit of R40bn (around $5bn), this financial year.

The balance of payments outlook is expected to be "very difficult" in the medium-term (taken as the sixth five-year plan period 1980-85). Although the survey points out that "rapid economic growth requires an increae in oil consumption, especially when the per capita consumption level in the country is very low."



But, despite the bleak balance of payments position — which is expected to lead to a fall in the foreign exchange reserves in 1980-81 by R6bn despite IMF credits of R8.15bn — the survey affirms the Government's determination to maintain a realistic trade policy.

While it calls for a stepped-up import substitution drive, the surveys says that "a substantial part of India's import requirements consist of essential intermediate and capital goods. A growing economy needs an expanding volume of such imports."

Hence, it points to the need to evolve a pragmatic import strategy which would meet the essential import requirements of industry, infra-structure and other sectors during the sixth plan period.

Khomeini orders action to end attacks

By Terry Povey in Tehran

THE IRANIAN leader, Ayatollah Khomeini, yesterday ordered the police to prevent any further attacks on public meetings. The order comes in the wake of several recent incidents including one in which a moderate cleric was physically attacked.

Also yesterday, Hojatislam Hashemi Rafsanjani, the Speaker of the Parliament, denied that there had been censohship of its deputies. An allegation to this effect was made by four deputies several days ago.

Addressing a gathering of police officers from the capital yesterday Ayatollah Khomeini said that they "must stop those who try to disrupt meetings and the Revolutionary Guards must assist you in this." However, Iran's leader warns that "provocative speeches and articles are worse than the attacks of the thugs." This is being seen as an attempt to cool down feelings before the rally called by deputies opposed to the Government for Thursday.

Referring to the plans for this rally, Mr. Rafsanjani told a Press conference yesterday that charges of censorship in the Parliament were untrue. "It's just that these deputies are seeking more freedom than anyone else," he claimed. The Speaker also called on the Government to take firm action to stop the strike by some of Tehran's bus drivers which started yesterday morning.

According to officials 1,600 drivers and other bus company staff walked out after finding that yearly bonus payments had not been included with their monthly wages. South Tehran was badly hit by the strike according to the State radio which called upon private car owners to offer lifts.

The issue of the late yearly bonus payments is clearly causing some concern to the Government. In a speech televised on Sunday Prime Minister Mohammed Ali Rajai called upon our dear workers to have revolutionary patience, and to wait for these substantial payments a little longer.

Mr. Rajai said "astronomical cost of the war" and the need to spend the money on "necessities" had delayed payment of the bonuses.

The office of Tehran's mayor late yesterday indicated that an end to the strike was in sight and that the 62 days' bonus payments would soon be made.

● Iran's Oil Ministry issued a statement yesterday strongly denying reports that it had been selling oil to countries it has officially boycotted. No information "in this crisis situation" will be given by the Ministry about Iran's recently signed spate of oil contracts, said the statement, or about the condition of the industry's facilities in the war-affected regions, for security reasons.

Israelis raid into Lebanon

By Ihsan Hijazi in Beirut

Five Palestinian guerrilas and three Lebanese civilians were killed in an Israeli commando raid in southern Lebanon during the early hours of yesterday.

About 150 Israeli soldiers attacked the village of Kfour, north-west of the Moslem town of Nabatiyah and about 13 kilometres north of the Israeli border. The Israelis came by foot, through the Christian salient controlled by Major Saad Haddad and his Israeli-supplied militias, according to eye-witnesses. They added that the attackers were picked up by helicopters after fighting a pitched battle with Palestinian guerrillas.

A base belonging to the Iraqi-backed Arab Liberation Front was the main target of the attack. Four of the group's members were killed. An Israeli military communique said all Israeli troops returned to base safely and suffered no casualties. A guerrilla spokesman, however, said the enemy suffered 15 casualties including dead and wounded.

A fierce artillery duel between Palestinian positions and Christian strongholds near the Israeli border followed the Israeli raid. The Palestinians were reported to have pounded Marjeyoun and Qlaia—the main towns in the Christian enclave—with Soviet-made Katysha rockets.

David Lennon in Tel Aviv adds: The Israeli Chief of Staff, General Rafael Eitan, said that the Israeli soldiers had attacked a base from which a guerrilla raid was launched against Israel last year.

"We settled our account with that group," said General Eitan, referring to the Arab Liberation Front's claim of responsibility for the raid on the northern border settlement of Misgav Am in which three Israelis died.

Singapore rethinks its policy on pay rises

BY KATHRYN DAVIES IN SINGAPORE

Singapore may be changing its policy of awarding 20 per cent annual pay rises, according to remarks made recently by Mr. Goh Chok Tong, the Trade and Industry Minister (left). Wage awards in future will be more in line with productivity, which last year increased by just below 6 per cent.

HAS SINGAPORE'S "second industrial revolution" run out of steam? Mr. Goh Chok Tong, the Trade and Industry Minister, and the man hitherto charged with responsibility for what is more sedately called "*the new economic policy,*" recently signalled that the Government would end its insistence on pushing up wage costs at an annual rate of 20 per cent, as in the past two years. Future wage rises would be related more closely to productivity, which last year was just below 6 per cent.

What wasn't immediately clear was whether this meant that this June's pay rise recommendations from the National Wages Council would be substantially lower than in 1980. The council is a tripartite group of employers, union representatives and government nominees. For each of the past eight years it has drawn up guidelines on which most wage *settlements are eventually* based.

While the council's deliberations are no doubt useful, what finally emerges bears an uncanny resemblance to what the Government of Mr. Lee Kuan Yew has let it be known would be appropriate. When the Government decided in 1979 that Singapore needed, once and for all, to divest itself of a labour-intensive economy, the council came up with a package amounting to wage rises of 20 per cent overall, *much higher than in previous* years, although not all of it went into workers' pockets. Around 6 per cent went to increased contributions to the Central Provident Fund, Singapore's unique compulsory saving scheme.

To be effective, ministers said, this new high wages policy had to be carried through for a minimum of three consecutive years to ensure that employers "get the message." Consequently, if this June's council guidelines were to fall well *below those of the past two* years, it would represent a considerable setback to the Government's total economic strategy.

However, officials have subsequently denied the Government has abandoned its economic plans. Mr. Goh himself told industrial workers late last year: "We are committed to another year's wage cost increase of 20 per cent." What seems more likely is that this year's council package will be structured differently to convince foreign investors that Singapore places as much emphasis on increased productivity as a method of upgrading the economy as it does on higher wages.

But the total cost to employers will be the same: around 20 per cent. It is in 1982, when investment is expected to be sluggish, that Singapore intends to limit wage increases in line with productivity. Japanese investors, in particular, are being told that as from next year they can count on an amenable and increasingly well-educated workforce whose wages are in line with those in Hong Kong, Taiwan and South Korea.

Most economic indicators suggest the Government's public worries about the effects of the *higher wages policy have been* overstated. Total foreign investment commitments last year reached $1.1bn, up by more than 40 per cent from 1979. The job shake-out in such labour-intensive industries as textiles, simple electronics and metal products resulted in a net fall in jobs towards the end of 1980, although more as a result of the removal of protective tariffs for local companies than of increased wages.

Singapore's tight labour market means that so far there are few social strains normally associated with unemployment. Economic growth in 1981 is forecast at 8.5 per cent, compared with 10 per cent in 1980. Inflation should drop from its official level of 8.5 per cent to 6 per cent, and trade is expected to record a substantial increase, with exports up by 35 per cent to US$24.9bn and imports by 30 per cent to US$28.7bn.

It is understandable that the Government is concentrating on areas, like wages and productivity, which it can do something about. But if Singaporeans have a tendency towards pessimism—sometimes, it seems, merely for the joy of being confounded—economic planners seem really concerned about the pace of restructuring in 1982 and 1983. Is it a coincidence, some are *asking, that Mr. Goh is being* replaced at the Trade and Industry Ministry by Dr. Tony Tan, the Education Minister, in June, the month of the wages council recommendations? If an abrupt change of course was thought necessary, a new minister might ease the face-saving involved.

New criticism for S. African bar on non-racial unions

BY QUENTIN PEEL IN JOHANNESBURG

THE CHIEF executive of a leading foreign company in South Africa, and a major pro-Government Afrikaans-language newspaper, have spoken out against the Government's refusal to offer multi-racial registration to previously unregistered black trade unions.

Their comments came after two more unions belonging to the Federation of South African Trade Unions (Fosatu) were refused multi-racial registration, bringing to five the number of unions so far affected.

Fosatu, the largest umbrella organisation in the independent black trade union movement, has threatened to withdraw from the statutory bargaining system if the decisions are not reversed.

The most outspoken reaction was from Mr. Murray Rogers, managing director of Kelloggs, the U.S. breakfast food manufacturer, in South Africa. He said the decision by the industrial registrar made a mockery of the Government's intended labour reforms.

"The effect of this decision is that these unions are prevented from representing the workers of their choice, and we sympathise with them in their plight," he said. Kelloggs has a formal recognition agreement with the Sweet, Food and Allied Workers' Union, one of the Fosatu unions affected).

Mr. Rogers said the decision would make his company's commitment to desegregation of its factory more difficult." A non-racial union such as those affiliated to Fosatu is precisely the type we would like to deal with," he said.

Beeld, the leading pro-Government newspaper in Johannesburg, pointed out that stated Government policy—that unions be allowed to choose for themselves whether they would be multi-racial or represent only one race group—conflicted with the existing law.

The newspaper appealed for Mr. Fanie Botha, the Minister of Manpower, to consider the unions' appeals against the ruling "in the interests of labour peace."

However, Mr. *Botha* has come out with a warning to "certain elements both within and without the trade union movement," whom he accused of "pursuing political activities."

His remarks are seen as a warning to those black unions who have refused to register under the new dispensation.

AMERICAN NEWS

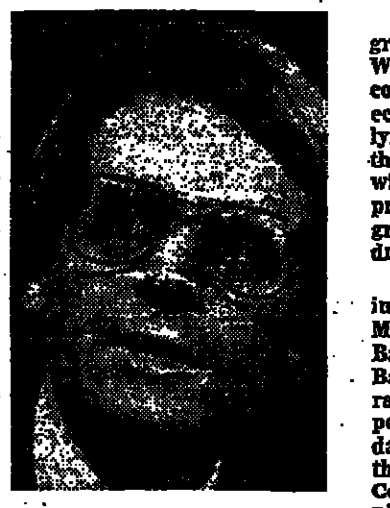
Stockman predicts fall in U.S. interest rates

BY DAVID LASCELLES IN NEW YORK

A prediction that U.S. interest rates will fall sharply soon if President Ronald Reagan's economic programme is adopted by Congress was made by Mr. David Stockman, the White House Budget Director, yesterday. Mr. Stockman is responsible for putting much of the programme together.

His prediction came as several large U.S. banks cut their prime rates, though none actually broke new ground.

Concerning proposals to cut the volume of loans made by the ExImbank, Mr. Stockman was reported as saying that the interest rates in private markets would fall equal to or below existing ExImbank rates "within a very short period of time."



Mr. Stockman: Wall Street sceptical

At present, the ExImbank lends at between 8½ per cent and 9½ per cent, so the implication of Mr. Stockman's remark is that U.S. interest rates generally would reach this level before long.

But this prediction was greeted with scepticism in Wall Street, which nurses considerable doubts about the economic assumptions underlying the Reagan programme: that Government borrowing will decline sharply and produce a surge in economic growth, along with a healthy drop in inflation.

A number of large banks, including Chase Manhattan, Manufacturers Hanover, Bankers Trust and Chemical Bank, trimmed their prime rates by half a percentage point to 19 per cent yesterday. But they held back from the 18½ per cent level set by Continental Illinois on Friday night.

Although further declines in the prime rate are expected as it catches up with the easing of credit last week, market rates are not likely to show much change over the next few days,

Plan for petrol tax increase

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is considering asking Congress for a temporary one to two cent increase in the Federal petrol tax, the proceeds of which would be used to help states meet costs of highway building and maintenance.

Mr. David Stockman, Budget Director, disclosed the tax plan, which he said was still being considered inside the White House, to a meeting of the National Governors Association in Washington.

The idea was given a generally warm welcome by State Governors, who stand to lose money from the Federal Government because of President Reagan's proposed $50bn spending cuts in the current, and 1981-82, Budgets.

But Governor Jerry Brown of California called it a "rather surreptious," way to push the States into a higher level of taxation," since the Federal tax increase would lapse after two years.

Having Washington doing the taxing for them is bound to be generally popular among states and Governors. But by the same token, it is highly questionable whether Congress would go along with the plan.

Last May it resoundingly defeated President Carter's plan for a 10 cent-a-gallon tax increase, admittedly a larger increase than the Reagan Administration is considering, but one which would have allowed Congress the say in how the proceeds were spent.

Mr. Stockman promised the Governors that their Federal aid, though reduced, would come more in the form of consolidated block grants with fewer stipulations from Washington as to how it should be spent.

This naturally came as music to many Governors' ears. The Budget Director cited Federal health and education aid as prime examples for the change.

But he said that special interests in Congress could be expected to try to keep Federal strings attached to aid to the states.

Mutual fund controversy grows

BY OUR NEW YORK CORRESPONDENT

CONTROVERSY is growing over whether, highly-popular money market mutual funds, which are piling up assets approaching $100bn, should be regulated.

Last week, these funds controlled a record $92bn, which put them ahead of Chase Manhattan, the third largest bank in the U.S., and only just behind the $100bn giants, Citibank and Bank of America. This is more than double their size only a year ago.

The funds give the small investor access to the short-term money market where interest rates have been at or near record levels in the last 18 months. The average yield last week was about 17 per cent.

The funds not only pose a major challenge to the commercial and savings banks, who cannot match these yields, but also worry the Federal Reserve Board, because they complicate the job of controlling credit.

In a broad sense, many economists also see them as a threat to the capital markets because they siphon money away from long-term investment.

Legislation was introduced into the House of Representatives earlier this month to empower the Fed. to slap the same kind of reserve requirements on these funds as it does on bank reserves—the argument being that since many of them offer cheque-writing facilities, they are essentially bank accounts.

At a state level, legislative moves have also been mobilised against the funds, though the intent there is somewhat narrower: to force local funds to buy the securities of local governments and municipalities, for instance.

The Fed. itself seems to be in favour of tighter regulation. Using emergency powers, it did impose reserve requirements on the funds last spring as part of the Carter credit squeeze, but only for a few weeks. Those emergency powers are due to expire shortly, hence the Congressional move to instal new legislation.

Consumers strongly favour the funds because of the high yield, and the funds themselves are organising a counter-attack.

In a speech last week, Mr. Howard Stein, chairman of the Dreyfus Corporation, which runs one of the largest money market funds, said that legislative moves flew in the face of the country's mood for deregulation, and did a disservice to the saving and investing public.

Little evidence existed to suggest that the funds were drawing money away from the banks, or even competing as a current account service, he added.

Peru, Ecuador troops seal off border

LIMA — The border quarrel between Ecuador and Peru threatened to slide into war yesterday, as the two nations sealed their common border with troops and tanks, and Peru said it might invade its neighbour's territory to stop what it claims are Ecuadorean incursions

Tanks and soldiers of both countries spilled onto the Pan American Highway at the weekend, closing part of the roadway. Neither side reported fresh fighting, but both kept their armed forces on alert.

President Fernando Belande Terry of Peruh said that since Friday, Peruvian troops had seized three Ecuadorean border posts which he claimed had been set up on Peruvian territory

Trudeau rules out snap election on constitution

BY VICTOR MACKIE IN OTTAWA

CANADA'S PRIME Minister, Mr. Pierre Trudeau, has firmly rejected any possibility of the Canadian Government asking the Supreme Court of Canada to rule on the legality of his constitutional package before sending it to Westminster for approval.

During a visit to British Colombia—his first to the west coast since last spring—Mr. Trudeau also ruled out a national referendum or a general election on the constitution.

The Canadian Commons is in the middle of its final debate on the Liberal Government's plan to create a new Canadian constitution, including a charter of rights and an amending formula. Eight provincial Governments oppose Mr. Trudeau's plan, but the Liberal majority in both Houses of Parliament makes passage of the scheme a virtual certainty.

"It is not for the Government of Canada, which is asking on the best legal advice it has been able to get, suddenly to have doubts about the validity of its proposed legislation," the Prime Minister said.

His comments end weeks of speculation about the possibility of a snap election or a referendum being called by the Prime Minister.

WORLD TRADE NEWS

British exports to W. Germany up by 20.5%

By Roger Boyes in Bonn

BRITAIN stepped up exports of manufactured goods and machinery to West Germany last year, undeterred by the strength of sterling against the Deutschemark.

Britain's trade deficit with Germany has narrowed to under £600m, according to official figures, reflecting a 20.5 per cent increase in British exports (to £5.1bn) and a 1.7 per cent drop in German exports to Britain (reaching £5.7bn).

The most obvious cause is the 58.4 per cent increase in earnings from British North Sea oil exports to Germany. Britain is Germany's second largest supplier of oil after Saudi Arabia.

There are two other factors. One is the strong investment climate in West Germany over last year which led to increased purchases of capital goods, and the other is the recession in many key British markets which prompted, for example, a 12 per cent drop in the earnings from German chemical imports.

Other German imports which suffered from Britain's industrial recession included coal and coke (down 19 per cent), dyeing and colouring materials (down 22.7 per cent), metal scrap (down 31 per cent), and almost the whole range of machinery.

British machinery exports to Germany saw a 16 per cent increase, with power generating machines recording a 53.9 per cent jump to £214m and telecommunications rising by over 30 per cent to £70.7m.

This has been aided (to some extent) by the fact that price often plays a more restrained role in such capital investment—thus cancelling the competitive disadvantage of a strong pound.

Other Anglo-German export and import developments reveal symptoms of the poor health in the various markets of both countries. German motor vehicle exports to Britain for example, dropped almost 25 per cent to £1.03bn and British exports to Germany also fell by about 6 per cent to £267.2m.

Registrations rise

WEST GERMAN vehicle registrations in January rose 20.3 per cent over December to 187,180, but were 14.4 per cent below a year ago, the Federal Motor Office said. Reuter reports from Flensburg.

Japanese restart work in Iran, Iraq

BY RICHARD C. HANSON IN TOKYO

NIHON ELECTRIC (NEC) and Mitsubishi Electric have decided to restart normal work on projects in Iran and Iraq, which were delayed by the outbreak of war between the two countries.

It appears, with the glaring exception of the Bandar Khomeini petrochemical complex joint venture in Iran that most of the Japanese projects in the two countries are starting up operations.

NEC will resume work on bringing a microwave communications system for oil and gas pipelines it installed in Iran into working condition. The company had pulled most of the 76 Japanese workers and dependents out of Iran after the war started.

In Iraq, construction will finally commence on a rural telephone digital exchange system, a contract valued at yen 8.5bn (£17.8m). NEC had cut its Iraq workforce from 73 to nine as a result of the war.

Mitsubishi Electric next month will resume normal work on a Y12bn hylroelectric power plant and on power substations it is constructing in Iraq.

In Iran too the company will restart a power substation project which was disrupted by the war.

Japanese construction companies have been particularly active in redispatching both Japanese and third country nationals to start up work on port, and other infrastructure projects. Those involved in plant construction have been slower to get going again, mostly because of the difficulties involved in shipping needed equipment.

Japanese companies have been under strong pressure from both Iraq and Iran to continue work on projects. The companies themselves have recently been encouraged by indications that the war is not likely to widen further, and by the end to the U.S. hostage crisis in Iran, which allowed for resumption of normal business transactions.

It is still unclear just when the Bandar Khomeini petrochemical project might be restarted. Among the outstanding problems, Mitsui, which leads the Japanese partnership, has yet to assess the amount of damage done to the plant by the war. It is reported that a study of the damage will begin late next month.

For the moment, the participants are deadlocked over the issue of rescheduling heavy debt payments by the Iran Japan Petrochemical Company (IJPC).

The Japanese Government also remains reluctant to resume paying its share of the capital needed to complete the project.

Toyota ousts VW as leading Swiss trucks supplier

BY JOHN WICKS IN ZURICH

TOYOTA, the Japanese manufacturer, has ousted Volkswagen as the leading supplier of light commercial vehicles to the Swiss market.

Its sales to Switzerland last year of vans and light trucks of up to 3.5 tonnes more than doubled to reach 4,645 units, compared with 4,316 for Volkswagen, 1,859 for Ford and 1,802 for Mercedes.

Among minor suppliers, the Japanese Mazda company also booked an increase, according to the Swiss Commercial Vehicle Association (ASTAG).

This follows a Japanese triumph on Switzerland's private car market last year, when the market share of Japanese makes jumped to 22.5 per cent. Sales by Toyota rose by 44 per cent during 1980, putting the company fifth on the list of individual suppliers.

Total sales on the Swiss lorry and van market increased by as much as 29.7 per cent last year to a record level of 21,825 units. This compares with a previous peak of only some 17,000 vehicles in 1972.

According to ASTAG, the commercial vehicles market is probably more competitive in Switzerland than anywhere else. Traders, it claims, operate with "unrealistic part-exchange prices, incredible rebates and exaggerated guarantees."

Nissan lays plans for output abroad, Page 28

S. Africa trade surplus halved in year

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA recorded a favourable trade balance of R364m (£202m) in January, barely half the surplus of 12 months ago, according to the preliminary figures released by the Department of Customs and Excise.

The figure is further confirmation of South Africa's rapidly shrinking trade surplus, although it was an improvement on the balance of R196m (£109m) in December.

While the current account surplus for 1980 is expected to be between R2.5bn and R3bn, some forecasts suggest that it could show a large deficit this year if there is no recovery of the gold price.

According to the latest economic analysis published by the Central Merchant Bank (Senbank) the deficit could reach R2bn for the year if gold averages $500 an ounce—a turnaround in trade approaching R5bn.

Apart from the fall in the gold price from its peak last month, South Africa's other mineral exports have stagnated, while imports have soared because of the real economic growth of some 8 per cent.

The trends were confirmed yesterday by Mr. Hendrik Schoeman, the Minister of Transport, when he presented the accounts of the railways for the past year. He said that export traffic had fallen by 42 per cent in 1980. The volume of low-rated minerals traffic was up only 1.5 per cent, or barely 2m tonnes, compared with an expected growth of 6.5m tonnes or 5.7 per cent, he said.

Imports, had exceeded forecasts by 21 per cent according to the tonnage landed at South African ports, Mr. Schoeman said.

Third World sales double

BY BRIJ KHINDARIA IN GENEVA

INDUSTRIALISED countries bought almost twice as many manufactured goods from developing countries last year as in 1970, but those imports still make up only 1.7 per cent of the total consumption of such goods in the EEC, U.S. and Japan.

According to figures compiled by the United Nations Conference on Trade and Development (UNCTAD), the fastest growing Third World exports include ships and boats, sound recorders, fabricated construction parts, precision instruments, watches and clocks, household electrical equipment, travel goods and handbags, power machinery and telecommunications equipment.

The main exporters are Hong Kong, South Korea, Singapore, Taiwan, Philippines, Brazil and Mexico.

The vast majority of developing countries failed to increase exports of both manufactured and food products. In fact, food production per head of population fell in 53 of the 107 developing countries that sent in figures to UNCTAD.

SAS wins Jeddah contract

BY WILLIAM DULLFORCE IN STOCKHOLM

SCANDINAVIAN Airline System's catering company has won a five-year contract to launch and operate a catering business for Saudia, the Saudi Arabian national airline, from the new airport at Jeddah.

The contract, signed in Jeddah by Mr. Ahmed Mettar, Saudia's director general and Mr. Per Axel Brommesson, SAS Catering's managing director, gives SAS a fixed management fee and an undisclosed share of profits.

Turnover during the first year is forecast to be about $35m (£15.6m). Saudia Catering will offer its services to other airlines using Jeddah Airport, which is scheduled to open this spring.

The inflight service area at the airport will have a floor area of 16,000 square metres and employ 600 people under a Scandinavian management group.

Saudia is one of the world's fastest growing airlines, particularly on the domestic routes which are heavily subsidised. It has 17 Boeing 747s and 11 Airbuses on order.

UK WINS GREEK CONTRACTS — BY PAUL CHEESERIGHT

Racing to beat a financial clock

FINANCIAL arrangements for the development of the $257m (£111.25m) Greek petrochemical complex at Messolonghi were agreed in the nick of time. From next week, Greece can no longer accept preferential export crdit terms from other EEC members.

As late as last May, no decision had been taken on the equipment to be used at Messolyonghi. The intervening months have been spent in a scramble to match the technical requirements with an acceptable export credits package.

The contracts have come to British companies — Foster Wheeler Energy, constructors John Brown and Sim Chem.—because the Greek authorities lost confidence in the ability of France and Italy to produce a financial package agreeable to them in the timescale demanded.

The financial package assumed importance because there was little to choose between the technical processes on the short-list drawn up by the buyer, Hellenic Industrial and Mining Investment (HIMIC) of Athens. Indeed, when the British companies first put in bids, they were by no means the lowest, and at one stage HIMIC is thought to have broken off negotiations.

This phase of Messolonghi's move to the starting line began in 1979. There had been plans for a large petrochemical complex there as long ago as 1974 when Trichem Consultants of London made an initial study.

The plans were scaled down, Trichem produced an up-dated study in 1978, and it was decided that there would be a medium-sized complex, producing both high and low-density polyethelene, using cheap imported ethylene from northern Europe as the feedstock.

By the following year, HIMIC, which is owned by four Greek banks, each with a Government shareholding, had identified the processes which would be used and appointed Foster Wheeler Italiana as general contractor, to hold the programme together.

Simultaneously, HIMIC was coming to the conclusion that it needed financial advice. It had been talking to Lloyds Bank International, but asked other banks for tenders, including Morgan Grenfell. The choice fell on LBI, although it received no written mandate until last May. But, crucially, HIMIC did not draw a line between advice and the provision of finance.

With the appointment of LBI and a short-list in place of the potential manufacturing processes, the financial and the technical strands of the development began to come together.

In the background was the fact that although Foster Wheeler Italiana was to design, supervise and procure the process units, and do the off-site and utility development, it had not been established that finance could be obtained in Italy, the main source of its procurement.

There were three main competitors for each of the high and low density processes.

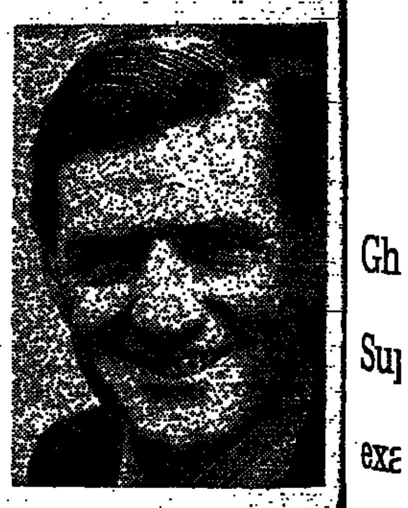
The bidding came down to the UK, France and Italy. The Greek authorities were planning to put up about half the finance, but export credits would have to cover the rest. The Government was not, however, prepared to guarantee the project.

In May, LBI started to try to pull a financial package together. It would offer the funds itself, but it needed export credit guarantees. In London, the Export Credits Guarantee Department was the first to acept the structure, as LBI in co-operation with local banks also canvassed the package with the French and Italian guarantee agencies.

But the ECGD had to be quick and flexible, because there was the question of how to fit Foster Wheeler Italiana into a British exports credit package.

There was no question of throwing over all the work Foster Wheeler Italiana had done on the project, so a deal was worked out involving the shift of its work to Foster Wheeler Energy of Reading, while keeping the Italian branch of the group as a sub-contractor.

With the French and Italian credit authorities still lagging, this swung the deal to the UK



Mr. Cecil Parkinson, Minister for Trade, who yesterday signed the Lloyds Bank International loan agreement with Greece for a petrochemicals contract, on behalf of the Export Credits Guarantee Department.

with contracts worth $140m going to Sim-Chem, Constructors John Brown and Foster Wheeler. LBI is making a buyer credit, the principal amount of which is $124m, covered by ECGD. The balance of the funds is from Greece.

Reagan's anti-Communist fight begins in El Salvador

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

IT MUST have seemed strange, to foreign eyes, that President Ronald Reagan's Administration should have selected the small Central American country of El Salvador for its first steps in international affairs.

But a certain internal logic is beginning to emerge, albeit tentatively. El Salvador has become, for this staunchly anti-Communist U.S. Government, a multi-faceted test case: of the effectiveness of its determination to cut Soviet and Cuban adventurism down to size; of its avowed intent to conduct war on on international terrorism; and of its ability to persuade American allies to support what the U.S. deems necessary.

An added dimension is provided by the apparent fixation of President Reagan and Mr. Alexander Haig, his Secretary of State, to "clobber the Cubans," as one diplomat here put it. All recent American Presidents have been intermittently consumed with the Cuban problem. This one is determined to circumscribe President Fidel Castro's scope to act as a regional power in what the U.S. considers its natural sphere of influence.

Largely because the Administration has been pre-occupied with its principal task—economic policy—not all the elements of the new foreign approach are yet in place. Yet the sum of connected and disparate developments over the past week or so points clearly in one direction.

These include the dispatch of Mr. Lawrence Eagleburger of the State Department around Europe to inform the allies of the evidence the U.S. has gathered about Communist subversion in El Salvador; and the hint dropped at the weekend by Mr. Edwin Meese the senior White House aide that direct against against Cuba was "entirely possible" if the flow of arms to El Salvador was not stopped.

In the hemispheric context, the U.S. last Friday offered its olive branch to the Chilean junta (conveniently overlooking that Gen. Augusto Pinochet's regime refused to co-operate with former President Jimmy Carter's attempts to bring to justice those responsible for a clear act of international terrorism, the murder in Washington of the prominent expatriate Sr. Orlando Letelier).

In the same vein, Mr. Haig has made it plain that he believes the principal threat to peace in the Middle East comes from Moscow. Progress towards a solution of the Palestinian problem, he is said to feel, is secondary to containing this threat.

This was, in effect, the message brought to the allies over the weekend by Mr. Frank Carlucci, the deputy Defence Secretary, as he sought their co-operation in broadening the concept of European security to such areas as the Gulf, which the U.S. sees as vital to the interests of the allies.

These and other developments have come hard on the heels of President Reagan's opening blast, in his first public press conference, against the Soviet inclination to "lie, cheat, and steal" in pursuit of global aims.

It is always possible that, in taking such an initial anti-Communist hard line, replete with Cold War rhetoric, that Mr. Reagan is insulating himself from the inevitable complaints of his right wing if he enters into arms control talks with Moscow.

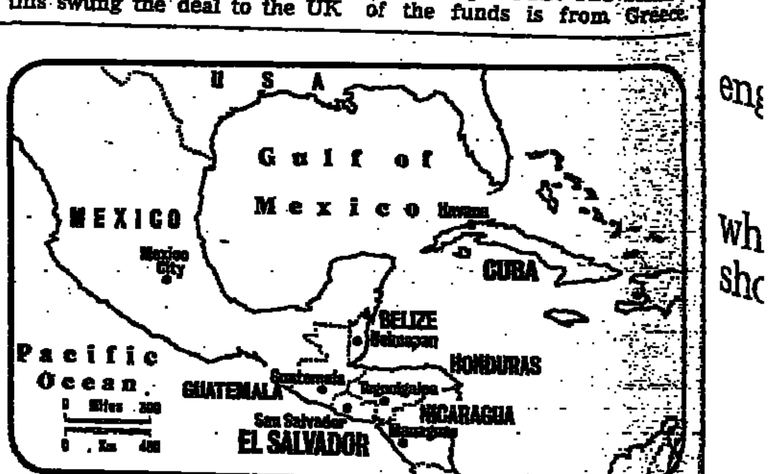
It is certatin that when Mrs. Margaret Thatcher, the British Prime Minister, and M. Jean Francois-Poncet, the French Foreign Minister, probe the Administration's mind in their talks here this week, they will be hoping to find some receptiveness to the idea of strategic arms control. The public signs are simply not there. After all, Mr. Reagan thumbed his nose at the concept of detente in deciding to continue for the time being the partial grain embargo against the Soviet Union,

It is not merely the Allies who must have cause for concern. Mexico, with which the U.S. wants a closer relationship, went out of its way last week to stress the value it places on relations with Cuba.

In a sense, Mexico's position *vis-a-vis* Cuba can be equated with that of Herr Helmut Schmidt's divided coalition in West Germany as it surveys the crumbling facade of East-West relations. Both nations have different perspectives and different needs from those now prevalent in Washington.

Even Mrs. Thatcher, for all her ideological compatibility with Mr. Reagan, seems bound to stress that mere anti-Communism is not the only criterion to be brought to bear in dealing with such difficult problems as the status of the Palestinians or the independence of Namibia.

These considerations appear light years removed from the strife in El Salvador. Yet the Reagan Administration is making a connection and a bond. El Salvador's problems are not indigenous to that country, but part of a global chess game against the forces of Communism.



West Germany ready to mediate in civil war

BY ROGER BOYES IN BONN

WEST GERMANY has expressed readiness to hold talks soon with President Jose Nelson Duarte of El Salvador, and may be prepared to mediate between the two warring sides in the country's civil war.

This view, tentatively expressed by Western officials, has emerged after the visit to Bonn and other European capitals of Mr. Lawrence Eagleburger, the U.S. envoy sent by the Reagan Administration to explain the White House position on El Salvador.

As such, it represents an attempt by Bonn to complement U.S. strategy at a time when relations between West Germany and the Reagan Administration are still uncertain.

Herr Hans Dietrich Genscher, West Germany's Foreign Minister, said yesterday he was ready to hold discussions with Sr. Duarte in Bonn should the President, as planned, attend an international conference of Christian Democratic parties in Brussels next month.

Leading West German Social Democrats have stressed their willingness to have talks soon with Sr. Guillermo Ungo, head of El Salvador's opposition Frente Democratico Revolucionario (FRP).

The object would then be to open a dialogue between "democratic elements" on both sides of the civil war. This move marks a transition from the traditional West German Social Democrat view which was to support the FRP and condemn President Duarte's régime.

With the U.S. stressing that the opposition is receiving arms and other supplies from Cuba, Bonn has adopted a more even-handed approach. By by underlining the need for a political dialogue, Bonn is not only trying to help out the U.S.; it is also signalling to the U.S. that the solution to the El Salvador problem should be political, not military.

At yet, Bonn's mediation plans are still tentative. Much depends on whether President Duarte comes to Europe as scheduled next month, and on the development of the conflict in his country.

AP adds from Belgrade: A Foreign Ministry official yesterday warned a U.S. mission, sent by President Reagan to prove Soviet involvement in El Salvador, against intervening in the Latin American country.

Council house sales inquiry disrupted

BY RAY PERRIAN AND ANDREW TAYLOR

DEMONSTRATORS disrupted a public inquiry yesterday as the Government faced the first major test of its policy of giving council tenants the right to buy their own homes.

About 100 protesters forced their way into the council chamber in Dundee on the opening of the public inquiry into the Labour-controlled Dundee District Council's refusal to comply with Tenants' Rights Act of Scotland.

The inquiry was ordered by Mr. George Younger, Secretary of State for Scotland, following complaints that the council was refusing to comply with the right-to-buy legislation.

It is the first time the Government has moved against a local authority which has openly defied the new legislation.

Several English local authorities which originally said they would not comply have now agreed to abide by the letter of the law although some are adopting a policy of "passive resistance" by making purchases difficult.

The complex forms which need to be completed before a purchase can deter tenants, particularly if they receive no assistance from council officials. There have also been complaints that some councils have warned off buyers.

Sales have also been held up in some areas where local members of the National and Local Government Officers Association have refused to handle right-to-buy sales because of staff shortages.

In Dundee, opposition to council house sales has been particularly strong. Yesterday demonstrators sat on the floor, but left after council leaders appealed for calm and Mr. Hugh Morton, QC, chairman of the inquiry, threatened to call the police.

If Mr. Morton finds that the council is in breach of the law, Mr. George Younger, the Scottish Secretary, can appeal to the courts for an Order compelling compliance.

Dundee indicated yesterday, however, that it would continue its policy of not selling council houses.

Mr. Charles Bowman, chairman of the Housing Committee, told Mr. Morton that there was a list of 13,000 people waiting for council homes, including 2,000 now in sub-standard accommodation, 1,200 living in overcrowded conditions and 1,100 waiting for sheltered housing.

"In the light of those appalling statistics and the dire housing need in the city we felt it our moral duty to resist any plans to sell off public housing at bargain prices."

Mr. Bowen claimed that poor drafting of the Act had provided the council with a loophole in that it was technically not the "heritable proprietor" of council houses in Dundee and was therefore not in a position to sell them.

● The volume of house sales is continuing to rise but there is still no sign of any general increase in prices according to the latest national survey conducted by the Royal Institution of Chartered Surveyors.

More than three quarters of the 100 estate agent firms replying to the January survey said that house prices had remained static during the preceding three months; "despite some increase in demand."

However the institution said that prices for some categories of homes—particularly pre-1919 terraced houses and new houses—had continued to show small increases in some areas of the country.

Almost 30 per cent of agents said prices of pre-1919 terraced homes had risen by up to 2 per cent during the three months to the end of January—although 66 per cent said prices had remained static.

Tootal closure at Preston will cost 220 jobs

BY SUE CAMERON, CHEMICALS CORRESPONDENT

TOOTAL is to shut its Trutex children's shirts factory at Preston in Lancashire with the loss of 220 jobs.

The company said yesterday it has started discussions with trade union representatives with a view to closing the factory by the middle of June. Part of the group's production of children's shirts is to be transferred to its plant at Henthorn near Clitheroe in Lancashire.

Tootal blamed the need for the closure on the strong pound, cheap imports — particularly from the Far East—and the recession. The company said that because the Preston factory was geared to making plain, basic shirts for four to 18-year-olds, it was not possible to boost sales by introducing a fashion element into the products.

The Henthorn factory produces skirts and trousers and employs 158 people. About 70 of these will go over to shirt production when the Preston plant is shut. Tootal said it hoped to increase their number to 110 eventually. But its overall production of Trutex shirts — which are made in a mixture of polyester and cotton — would be reduced.

Tootal said the Trutex company had six factories making children's clothes and employed a total of 800 people. All its factories are in Lancashire and Yorkshire.

● As a result of falling sales of bicycles, the Raleigh cycle works in Nottingham yesterday introduced a two-day week for many of its workers. The factory made 650 workers redundant last month and has 2,500 workers on short-time. Almost half will go on to two-day working.

EEC gives £20m for job creation

THE EEC yesterday made available to Britain an additional £20m for cheap loans to be used in job creating projects in areas hit by coal and steel closures.

The loans, at interest rates up to 3 per cent below market rates, are provided for expansion projects by small to medium sized industrial companies.

They have been made available through the European Coal and Steel Community (ECSC) and will be paid out by the Industrial and Commercial Finance Corporation (ICFC), the investment body owned by the UK clearing banks and the Bank of England.

This is the third allocation made available to the ICFC by the Coal and Steel Community since 1979. Of the total £50m about £18m has been paid ou

Europe tries to boost switch from oil to coal

BY MAURICE SAMUELSON

EEC OFFICIALS are holding talks at the Industry Department this week about schemes to encourage British industry to switch from oil to coal.

The European Coal and Steel Community is willing to make the money available to companies at interest rates 4 per cent below market rates. The Government has not yet decided whether to provide risk cover for the foreign currency element in the loans.

Dr. Ottokar Hahn, European Commission director in charge of credits and loans, said that initial reactions were promising, and hoped that Britain would eventually agree to this.

Government aid for boiler conversions will be a key part of the joint package of proposals which the National Coal Board and the National Union of Mineworkers will present to the Government tomorrow.

Though France provides loans of up to 25 per cent of investment in industrial conversions from oil to coal, there is no similar scheme in Britain.

The NCB claims that it has had 1,000 inquiries from potential "converts" to coal, but relatively few pursue them because of high UK rates of interest.

The NCB and the Coal and Steel Community have put three test cases to the Government involving a total investment of £30m and a requirement for 300,000 tonnes of coal a year.

The decision whether to provide exchange risk cover lies with the Treasury, which has in the past viewed the proposal coolly. This policy could change after the understanding last week between the Government and the coal industry.

Inflation alert on money supply

By David Marsh

THE RAPID GROWTH in the past year of Sterling M3, the broad definition of the money supply, risks causing higher inflation once the economy starts to recover from recession, says the stockbroker W. Greenwell in its monetary bulletin today.

Calling for action by the Bank of England to mop up excess of liquidity in the private sector, the firm rejects the view of Prof. Alan Walters, Mrs. Thatcher's economic adviser, that the monetary squeeze has been too tight.

A report by Buckmaster and Moore says that monetary policy has not been too tight. Warning the Government against cutting minimum lending rate, it says that any attempt to drive down sterling on the foreign exchanges would only add to industry's difficulties by hastening re-emergence of inflation.

Both Greenwell and Buckmaster and Moore call for the Treasury and the Bank to move to a monetary-base system for controlling the money supply, by which the authorities would directly control the level of bank reserves, and interest rates would be set by the markets.

Reuters introduces faster money-dealing service

BY COLIN MILLHAM

REUTERS has introduced a money dealing service designed to speed up communications between market traders. The system is linked to the existing Reuters Monitor Service and operates with a split video screen enabling a dealer to compare rates offered by subscribers and complete a deal without using a telephone or telex.

This variation on the existing Monitor keyboard — used by more than 4,000 subscribers in over 45 countries — means traders will be able to conduct conversations, and then obtain a print out.

Reuters claims that contact can be made in about four seconds, compared with 15 or 20 seconds for an international telex.

There are 160 subscribers to the new system, including London's four major commercial banks, and many others in Europe and North America. It is hoped soon to extend the dealing service to include the Far East and Middle East.

The dealing service, designed for the foreign exchange market, may also be used by other traders. Gerrard and National, one of London's leading discount houses, has placed an order for the system.

It is not yet known how much of a threat the direct dealing system will prove to the foreign exchange brokers, who make a large part of their commission finding counterparties for deals by the major banks.

Most of these banks will form part of the new service, but Reuters said yesterday that the new system could co-exist with the efficient broker.

Shell claims £24m for loss of tanker cargo

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A $56m (£24m) claim was made against Lloyd's underwriters in the High Court yesterday over the loss of the cargo of the tanker Salem, allegedly scuttled off the West African coast in January last year.

Shell International Petroleum Company, owners of the 196,231 tonnes of crude oil the vessel was carrying when she left Kuwait on December 10, 1979, claimed the cargo had been lost as a result of an insured risk.

The underwriters, represented by Mr. Caryl Gibbs, denied that either the risk, or the voyage, were covered by the insurance.

Mr. Gordon Pollock, QC, for Shell, told Mr. Justice Mustill in the Commercial Court that Shell had bought the oil from Pontoil for a voyage from Mena Italian oil company.

The Salem, owned by Oxford Shipping Company, which is headed by Mr. Frederick Soudan, had been chartered by Pontoil for a voyage from Mena al Ahmadi in Kuwait to a wide discharging range in Europe or the Caribbean.

As far as those involved in the shipment of the oil had been concerned, the vessel had been bound for Italy, which was named in the shipping documents as the place to which the cargo was to be carried.

On January 17, 1980, the Salem sank off Senegal. The sinking had not been fortuitous, said Mr. Pollock: it had been a "deliberate casting away" with the knowledge of a group of conspirators, who had included the vessel's owners.

It had subsequently been discovered that most of the oil had been secretly filled with seawater to give the impression that she was still loaded.

Shell had taken steps to recover some or all of its loss from the South Africans and eventually received $30.5m (£14.1m) from SFF Association, South Africa's official oil purchasing agency, as payment for part of the cargo.

That sum was being held to the credit of the underwriters in the event of their being held liable to Shell, said Mr. Pollock.

Shell had asked the underwriters to pay under the insurance policy, but its expectations had proved to be "slightly naive."

The hearing continues today.

Llanelli closure 'a devastating blow'

THE DECISION to shut Duport's steel plant in Llanelli, South Wales, was described as a "devastating blow" by Mr. Denzil Davies, Llanelli's MP and Opposition Treasury spokesman.

He said that if the plant's 1,200 workers lost their jobs the town's unemployment would soar from its present level of nearly 15 per cent to nearer 20 per cent. He warned that every effort would be made to get the closure decision reversed.

"We shall be demanding help in the same way as BSC. The shutdown is not inevitable. It is a modern steel plant, with an excellent workforce and good local management which has been suffering unfair competition, resulting from Government policies."

Duport only recently completed an ambitious £37m modernisation programme at Llanelli, which included the instalaltion of two new electric arc furnaces to replace its ageing open hearth steel making works at Briton Ferry, near Port Talbot.

These were closed three years ago with nearly 1,000 redundancies.

Duport Llanelli, which is capable of supplying half a million tonnes of quality engineering billets a year, has been the largest British private sector producer of carbon and alloy steels for forging and, for low carbon, free cutting steels, the only alternative UK supplier to BSC.

Twice in the past year, Duport has tried to contain losses at the plant by cost cutting involving about 500 redundancies.

But at the last count, Llanelli was still losing £1m a month, due to the recession—particularly in the motor industry—the collapse of export markets due to the high £, and high interest charges on its recent investments.

Mr. Sam Biddiscombe, regional officer of the main steel union, the ISTC, said the decision didn't make sense.

The plant was effectively less than two years old and had some of the most advanced steel making equipment in Europe, yet bankers were now saying it must be closed down.

Robin Reeves and Ray Maughan look at a group's failing fortunes

Duport is weakest of special steels projects

DUPORT is by far the smallest, and thus the weakest, of the four mooted participants in the Phoenix II project for the integration of special steels. Unlike Tube Investments, GKN and Hadfields, the group has not been able to call on substantial profits elsewhere to provide a cushion against a precipitant fall in demand.

Steel activities are thought to account for roughly 70 per cent of the group capital employed—totalling almost £90m in the January 1980 balance-sheet—and have formed the core of Duport's investment and management effort.

The investment in steel melting capacity which Duport started to plan in 1975 had been described as a textbook case of spending when the outlook was poor in the hope of reaping the benefits when conditions improved.

In Duport's case, unfortunately, the market has turned progressively, and probably permanently, for the worse.

The two new electric arc furnaces at Llanelli, which will now be closed with the loss of around 1,200 jobs, replaced the group's old open-hearth facilities. The first was commissioned in May 1977 and the second came on stream at the beginning of last year.

The new plant meant that Duport had some of the most up-to-date integrated steel plant in Europe. From the melting output in South Wales, Duport was able to send up to 500,000 billet tonnes annually to its rerolling plant in the London Works at Warley and the Flather bright-drawing steel facilities in Sheffield.

It was also able to claim that it was the only alternative supplier to the British Steel Corporation of free cutting steel.

Its other activities have not provided Duport with sufficient profits to counter the effects of decline in the engineering steel industry which is now operating at an estimated 30 per cent of capacity.

While steel contributed trading profits of just over £5m to the 1979-80 total of £9.4m, the domestic products division was recovering fast from earlier demand and production problems to lift profits almost fivefold to £2.54m.

Mr. Eric Sayers, chairman of Duport

Comprising the "Slumberland" and "Vi-Spring" companies, the "Vono" upmarket bedding and bedroom furniture subsidiary, "Grovewood" kitchen units and the "Swish" curtain rail systems, the domestic products subsidiaries has since run into vicious competition in the high street, another sympton of the recession.

Duport has also had to take action to solve the problems of a loss of market leadership to Silentnight in bed production, some misjudgements on kitchen furniture ranges and production control disruption.

The furniture operations have been set back to a loss of £941,000 in the six months to July last year against a comparable profit of £427,000.

Metal forming, where Duport has also been revamping to modernise its facilities, has succumbed to losses at the interim stage.

The division contains two grey iron foundry companies, Duport Foundries in Tipton and John Harper in Willenhall, with the Anslow drop forge and the Bridgetown plastic foam mouldings and fabrications at Cannock, Staffordshire.

Losses in metal forming reached almost £300,000 before interest and tax at the half year compared with a profit of £863,000.

The central aim of the talks that Duport has been holding with the British Steel Corporation and the Department of Industry has been to leave the group with the balance sheet strength to continue trading in consumer products, forgings and plastics.

Outside estimates put the group's annual losses a about £15m and Duport must also provide for the cost of making redundant 1,200 long-service employees in South Wales.

Whatever conclusions the talks reach—and a statement is not expected until next week at the earliest—they will not change the fact that Duport's management attention has been centred primarily on steel over the last six years and that the pride of achievement was in the two electric arc furnaces in Llanelli which have now been sacrificed in the bitter shake-out of the special steels sector.

One cynical comment on Duport's announcement yesterday, and probably no less apt for that, is that Llanelli's demise will make the talks on Phoenix II that much easier.

Accounting firm agrees to pay $10m settlement

By Michael Lafferty

THE international accounting group, Pannell Kerr Foster, has agreed to a $10.7m (£4.62m) out-of-court settlement of an action brought against it by the liquidator and creditors of the former Latin American Bank.

The action related to work carried out by the Cayman Islands part of the accounting firm, which acted as auditor to the failed bank. It was scheduled for hearing in the High Court on February 9, but after a postponement a settlement was reached between the parties.

The settlement is one of the largest known to have been reached in an action against an accounting firm in the UK.

TMC wins £60m Telecom order

A BRITISH subsidiary of Philips, the giant Dutch electrical company, has won a £60m order from British Telecom to supply 16,000 Herald electronic business exchanges. TMC, until recently known as Pye-TMC, developed Herald for British Telecom.

TMC received its first order for £10m of Herald exchanges in 1979. The £60m order will run until mid-1983.

BR chairman voted top communicator

COMMUTERS who hear daily announcements on freezing platforms that their trains, if running, will be late may greet with moderate enthusiasm the news that Sir Peter Parker, chairman of British Rail, has been voted Communicator of the Year 1981 by the British Association of Industrial Editors.

Rates reduction

THE North West Water Authority yesterday reduced its increase in water charges for 1981-82 from the planned 24 per cent to 26 per cent to 16.5 per cent as a result of a relaxation in Government rules on accounting methods.

Plea to reduce VAT

A plea to the Chancellor of the Exchequer for a substantial reduction i nValue Added Tax for hotels and restaurants, or VAT zero-rating of hotel accommodation for all overseas visitors, has been made by British tourism interests, headed by the British Tourist Authority.

Hull 'is resilient'

A RECORD 435 inquiries about new projects were received by Hull last year. This represented a 37 per cent rise over 1979 according to Mr. John Higginson, the council's chief land and property officer, and suggested that the city appeared to be displaying an underlying resilience to the economic downturn despite high unemployment.

Cheap foreign labour pledge on oil rigs

BY RAY DAFTER, ENERGY EDITOR

MR. HAMISH GRAY, the Energy Minister, is cracking down on offshore supply companies employing cheap labour on North Sea oil rigs.

The move follows a Labour MPs claim that foreign rig workers are being used as "slave" labour and being paid only a third of the UK union rate.

In response, Mr. Gray indicated that the Government wanted companies operating in UK waters to employ EEC nationals.

Mr. Gray told the Commons yesterday that he had called for such assurances from one company known to be employing foreign labour—the U.S.-based Universal Services International group.

Following a television programme relating to Universal's employment of workers from Chile, Mr. Gray had asked Department officials to look into staffing arrangements. Mr. Gray told MPs that the company had given an undertaking to phase out employment of non-EEC nationals on rigs in UK waters by the middle of this year.

The Minister added that he had asked the Offshore Supplies office of the Energy Department to monitor progress and to keep him advised.

The company was unavailable for comment last night. However, it is understood that Universal, which has been operating in the North Sea since 1966, has 114 UK employees and 61 foreign employees based on five rigs and the Argyll Field floating production platform. Most of the foreign workers are from Spain and South America — particularly Chile.

Since 1974, Universal's main activity in the UK North Sea has involved the provision of catering contracts and services.

During Parliamentary question time yesterday Mr. Dennis Canavan, the Left-wing Labour MP for West Stirlingshire, claimed that American firms were turning the recruitment of North Sea oil rig workers into an "international slave trade."

He sought assurances that "no contracts should be given to these American multinational gangsters who are operating an international slave trade in the North Sea."

He said that employment protection legislation should be extended to cover the North Sea. Overseas workers were being paid only a third of the union rate for the job and were working 12-hour shifts, seven days a week for stretches of six weeks at a time.

Mr. Gray said that Mr. Canavan had overstated his case. He added that 92 per cent of the people employed on the UK Continental Shelf were UK.

Offshore oil operators, including U.S. groups, have already given the Government an assurance that they will give UK companies and staff a "full and fair" opportunity to compete for work in the North Sea.

Jersey group seeks block on £15m Clore taxes

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT to frustrate a £15m capital transfer tax claim against the estate of the late Sir Charles Clore began in the High Court yesterday.

Stype Investments (Jersey), the shareholders of which are nominees for Sir Charles's 1979 Jersey settlement, asked the court to set aside a tax claim against it by the Inland Revenue.

Stype claimed that it was not accountable for the tax; alternatively, that the constitutional relationship between Jersey and the UK gave Jersey residents immunity from UK tax claims.

Mr. Leolin Price, QC for Stype, said that the Revenue asserted that Stype had "intermeddled" in Sir Charles's estate in such a way as to make it liable under the 1975 Finance Act as if it had been his executor.

Stype contended that the Revenue had not a good arguable case on "intermeddling," and should not be allowed to proceed with the claim.

Mr. Price said that Sir Charles before his death in July transferred the Guy's Estate in Herefordshire, largest item in his English estate, to Stype as his trustee.

On his direction Stype contracted to sell Guy's to the Prudential Assurance Company for £20.5m. The sale was not completed until after his death.

The Revenue contended that in completing the contract and transferring the sale proceeds to Jersey Stype had made itself liable for capital transfer tax estimated at £15m.

It claimed an account from Stype and an injunction stopping the company removing its assets from the UK until the account had been delivered and any tax paid.

Mr. Price said that Stype had been accountable to Sir Charles, and after his death to his estate, in respect of the contract, which it had been legally obliged to complete.

The hearing continues today.

Channel ferry fares cut

BY OUR SHIPPING CORRESPONDENT

TOWNSEND THORESEN and P and O Ferries, two of the three big cross-Channel operators, have cut their 1981 prices only a couple of months after they published their 1981 brochures.

Sealink, the other big operator, is reviewing its 1981 prices, which until this development were the lowest in many cases.

Townsend Thoresen has cut its fares for caravans by up to a third in the peak summer season and its fares for early morning sailings in the peak season by up to £3. It will offer more cheaper sailings in the peak season than originally planned.

UK NEWS

Passionate advocate takes over at Atomic Energy Authority

David Fishlock looks at the Welshman who, yesterday, became Britain's top nuclear scientist and reviews the career of his distinguished predecessor

IN TENNESSEE back in the 'sixties I was talking to Dr. Alvin Weinberg, then director of Oak Ridge, one of the great U.S.-national research centres, about a young Welshman, then about 30, who had spent his sabbatical leave at the laboratory. Weinberg paused and said pensively: "If he'd stayed any longer I think he would have taken the laboratory over from me."

Yesterday the Welshman, now 48, started work as chairman of the UK Atomic Energy Authority (UK AEA) and the Government's chief (civil) nuclear adviser.

Dr. Walter Marshall, elected into the elite Royal Society at the early age of 31, brings to his new job an internationally acknowledged talent as a mathematician, a flair for articulate and passionate advocacy, and a remarkable ability to motivate people and make things happen.

A career devoted to the UK AEA has forged smoothly onwards and upwards from head of theoretical physics at Harwell to become its director in 1968. To this day he believes Harwell to be the world's greatest research centre, where he still maintains his private "think-tank" and does his most creative work. By 1969 Marshall was the UK AEA's board member for research, and by 1975 its deputy chairman.

Then came the one serious setback in his career. Mr. Eric Varley, as Secretary for Energy, invited him to double as his chief scientific adviser. Two years later Mr. Tony Benn, by then Energy Secretary, sacked Marshall for too passionately advocating nuclear energy.

Though other technologists sacked by Mr. Benn, such as Sir Monty Finniston, shrugged it off quickly as an occupational hazard of consorting with politicians, Marshall in an over-emotional reaction sulked for a year before regaining his confidence.

However, Marshall left an enduring legacy in the Energy Department, in the shape of a £12m-a-year research and development programme on "benign and renewable" energy resources, and a rigorous system of appraisal by which their utility is being judged.

Will the UK AEA change into an energy r-and-d activity under its new chairman? Marshall thinks it will remain "predominantly nuclear," although he is still enthusiastic about the all-purpose contract research mission he launched at Harwell in the mid-1960s, as a way of continuing to justify the laboratory at its scale and resources. For some years this work has been earning about half of Harwell's budget, which last year was about £60m. Its biggest customer is British Nuclear Fuels.

The bedrock of UK AEA development is the fast reactor, which for some years has absorbed half its budget, and costs the Government over £70m a year. The Government, searching for savings, has seriously considered cutting this project.

The slowdown in nuclear construction in most countries in the 1970s has allowed uranium prices to stabilise and postponed for at least a decade the date when a strong economic case is likely to be made for the commercial fast reactor as an energy-saving machine.

But fast reactor r-and-d, which once permeated all UK AEA laboratories, has already been concentrated in the two northern laboratories, Risley in Cheshire and Dounreay in the north of Scotland. Harwell and Winfrith in the south have switched to safety-related work for the nuclear construction industry on the proposed "British PWR."

If the Government wants to cut the fast reactor investment it has to cut Dounreay, with 2,300 staff devoted to the project. And the Government is acutely aware that the rumpus being made in Scotland about test-borings in rock for nuclear waste disposal studies, would be as nothing compared with the political row that would erupt should it attempt to shut or even shrink Dounreay.

As one might expect, Marshall is eager to see the UK AEA involved in the next big step, a commercial-sized demonstration power station producing about 1,300 MW.

But as the Government's nuclear adviser, he is keenly aware of the importance of timing. The UK will need to create a big technological infrastructure to handle this project, which it could later be obliged to abandon if there were not the economic justification to proceed smoothly into a series of commercial fast reactors. (France is wrestling with precisely this problem).

Marshall's best guess is that the Government will decide this year with which country—France or the U.S. — Britain should negotiate a cost-sharing collaboration on the commercial fast reactor. The next step will be a public inquiry into the chosen site, for the demonstration, in 1984-85, so that the project is ready to begin "soon after the next election."

Meanwhile, he asserts that Dounreay still has a big programme in developing features not even the French—as acknowledged world leaders—have resolved yet. In particular they lie in "closing the fuel cycle," so that plutonium can be recycled quickly and confidently back through the reactor again and again.

Plutonium has been the major preoccupation for Marshall for the last three years. He was chairman of the crucial reprocessing section of the 46-nation International Nuclear Fuel Cycle Evaluation called by President Carter, and is still embroiled in studies it spawned.

He has also developed a uniquely persuasive perspective on the necessity for the fast reactor, not only as a far more efficient way of utilising uranium than present-day reactors but as a way of consuming plutonium, the inevitable by-product of every reactor.

Fast reactors make plutonium more slowly than present-day reactors but can use it more efficiently as fuel. The fast reactor is therefore the safest way of protecting the world from growing stocks of plutonium waste

"The argument contains not a single new technical fact," says Marshall. It could have been constructed 20 years ago. It was not because the experts had simply "lost sight of the point."

His "thinktank" found that the first man to point out that without fast reactors the plutonium by-product of reactors would become an embarrassing waste product was a predecessor of Marshall as head of theoretical physics at Harwell, who went on to make an international name in nuclear weapon proliferation—Dr. Klaus Fuchs in 1946.

The statesman of plutonium—perfect for the job he can't take

IN A perfect world, in which the best man available was picked for each top job, the retiring chairman of the UKAEA would be chairman-designate for the International Atomic Energy Agency in Vienna.

This arm of the UN, custodian of the world's biggest international treaty, the Non-Proliferation Treaty signed by 110 nations, is searching for a new director-general to replace Dr. Sigvard Eklund. Everyone admits that it will be remarkably difficult to find a successor to Eklund. But Sir John Hill is excluded by virtue of being a national of a nuclear weapon state.

In contrast to Dr. Marshall, who has known since last summer that he was to be the next UK AEA chairman, Hill was invited to take the post only hours before the Government of the day (1967) would have been in serious legal difficulties. By law the UK AEA is required to have a chairman, who is also the Government's chief nuclear adviser. But the retiring chairman was on the point of departure before the Government decided on Hill.

Also in contrast to Marshall, Hill is an experimental scientist, whose career until then had been devoted to Britain's nuclear factories, now British Nuclear Fuels.

Until the early 1960s these factories were mainly producing nuclear explosive for weapons. In a traumatic turnaround at that time, when the Ministry of Defence abruptly announced that it had enough explosive, they began to build a commercial business based on the nuclear fuel cycle. When appointed chairman Hill was board member for production of the UK AEA.

In 1967 Hill inherited a research programme supporting a remarkable diversity of British-designed reactors.

His first big task was to whittle the list to four basic systems: AGR, HTR, SGHWR and the sodium-cooled fast reactor.

But Hill had to shoulder the task of whittling the UK AEA structurally as well as in the diversity of its reactor projects, hiving off two international commercial activities, nuclear fuel and radiochemicals, into trading companies.

In 1973 another big portion, the Atomic Weapons Research Establishment at Aldermaston was hived off to the Ministry of Defence.

Internationally, Hill made his name in the early 1970s as negotiator in a number of nuclear European "clubs"; multi-national companies, backed by governments, aiming to exploit commercially emerging nuclear technologies.

He also worked for a decade to negotiate such a collaboration in commercial fast reactors, only to find he must now hand this one over to his successor.

Volvo Trucks makes loss as sales fall

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TURNOVER of Volvo Trucks' British subsidiary fell by 30 per cent from £111.5m to £78m in 1980, reflecting the steep decline in overall heavy truck sales in the UK last year.

Volvo Trucks (Great Britain), the leading importer of heavy lorries to Britain, suffered a loss, but Mr. Stig Arne Olson, managing director, says the company expects to be back in the black in 1981.

One result of the sharp reduction in heavy truck sales in the UK last year—they were 40 per cent below the record 1979 level—was that France took over as Volvo Trucks' major market. The Swedish group sold about 4,000 commercial vehicles there compared with 3,000 in Britain.

Included in Volvo Trucks GB's turnover figure were sales through its own distributors plus those of its plant at Irvine in Scotland. Volvo's cars are imported by a separate Lex Group subsidiary with an annual turnover believed to be about £300m.

The Irvine plant, which went into full production in 1975, did not escape the market problems last year and worked a three-day week from the autumn to Christmas.

While output from Irvine is not expected to increase substantially this year, the proportion for export will rise from about 10 to 30 per cent. Last year the plant produced 1,230 trucks and 70 buses.

Today Volvo is introducing a scheme to help its 40 British dealers through the recession and beyond. Called the Golden Opportunity guaranteed used truck scheme, Volvo says it is the first of its kind in the UK heavy commercial vehicle market.

Selected Volvo trucks will be renovated and overhauled, tested by the manufacturer and offered for sale with virtually the same guarantee as a new Volvo—but obviously at a much lower price.

Volvo GB has also enlarged its Parts Plus programme which involved cutting prices on more than 200 of the fast-moving spare parts by up to 55 per cent. This has been a successful scheme to win back sales for the Volvo dealers from the factors. Last year Volvo GB's parts turnover rose to £14.5m.

More consumer help urged

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE STATE-FINANCED National Consumer Council has told the Government that proposed legislation regulating companies and the existing laws governing the insurance sector, do not give enough protection for consumers.

The main thrust of the council's anxiety is against the proposed Companies Bill, which has its second reading in the Lords later this week. But the council has also told the Department of Trade that insurance law at present is weighted far too heavily in favour of insurance companies.

The council's main concern about the Companies Bill is the proposal to abolish the registry of business names. This registry now obliges all traders, except those using their own names, to register full details of their business activities.

But the council has told the Government that abolishing this registry could "produce a paradise for shady traders, who would find it much easier to conceal their true identity from consumers, trading standards officers, and investigative journalists trying to track them down."

Mr. Jeremy Mitchell, the council's director, says: "We would much prefer the Government to retain the registry in a new, revitalised and self-financing form."

Code of practice for local authority accounts agreed

BY ROBIN PAULEY

A CODE of practice intended to improve the clarity and usefulness of local authorities' annual reports and financial statements has been agreed, after more than a year of consultation between the Government, councils and the Chartered Institute of Public Finance and Accountancy.

The object of the code is to give ratepayers clear information about local government activity and to make it easier to make comparisons and judgments about the performance of individual authorities. It should also help councillors to form judgments about the performance of their own council.

Statistics

The code recommends that key statistics and indicators should be compiled and published on a standard basis to enable meaningful comparisons to be made between councils and between succeeding years.

They include local authority manpower per 1,000 population and net cost of each service per 1,000 population. Most service categories should be displayed as net cost per 1,000 population and education should be presented both in terms of the pupil-teacher ratio and the gross cost per pupil.

School meals will be shown as a revenue to cost ratio and pupils receiving free meals will be indicated as a proportion of the school roll.

In detailing their revenue expenditure and income for the year councils should give an indication of how the overall *financial out-turn compares with* the budget for the year and an explanation of major variations.

Attempt

The annual report should be published as soon as possible after the accounts are closed and anyway by the end of September even if the accounts have not been audited by then.

The code is an attempt to provide information which is quickly and easily interpreted by ratepayers rather than accountants.

It is also a move to standardise the quality of presentation of accounts and financial information.

It is generally recognised that at present there is a wide variation with the good being very good and the bad being dismal.

UK NEWS—PARLIAMENT and POLITICS

Bow Group calls for aid for small businesses

By Elinor Goodman,

THE BOW GROUP yesterday added its voice to the many pressure groups within the Conservative Party calling on the Government to do more to help small businesses.

In a pamphlet entitled "The birth of small businesses," the group argued that future employment and new wealth could best be created through small companies.

The process of setting up these small businesses should, it claimed, be drastically simplified. At the same time new tax incentives should be introduced to encourage small investors to put their money into small businesses.

Specifically, the Bow Group called for the creation of "Small Business Banks" which would lend to small businesses, on favourable terms. The funds would come from individual investors who would be allowed to deduct up to £500 from their personal tax liability to buy bonds in these banks in return for a relatively low rate of interest.

The pamphlet also envisages an entirely new form of partnership which it dubs the "enterprise partnership."

The idea is that an entrepreneur could walk into any Post Office and fill out a simple form putting his partnership on a Small Business Register and giving him limited liability. His partnership would enjoy a conditional tax moratorium for its first five years and thereafter be taxed at the small companies' *rate of 40 per cent*

The pamphlet also floats the idea of "venture partnerships" which would be formed between large corporations and individual entrepreneurs.

NCB's price cuts 'not for the private sector'

BY IVOR OWEN

PRICE REDUCTIONS offered by the National Coal Board as an inducement to the British Steel Corporation and the Central Electricity Generating *Board to cut their coal imports* will not be available to major users of imported coal in the private sector of industry.

This was made clear in the Commons yesterday when Mr. David Howell, Energy Secretary, and his junior Ministers faced pointed questions from some Tory backbenchers about the full implications of last week's about-turn by the Government in face of the miners' strike.

Mr. Jock Bruce-Gardyne, (C., Knutsford) one of the most persistent critics of policies which prop up publicly owned industry at the expense of the private sector, seemed to cause *Ministers* the most embarrassment.

Scarcely bothering to deny a suggestion from the Opposition benches that he was not being helpful to the Government, Mr. *Bruce-Gardyne complained that* the promise of more taxpayers' money which had enabled the NCB to withdraw its pit closure programme, meant that the less economic form of coal production was to be maximised.

He said it had been "hypocritical" of Mr. Michael Foot, Opposition leader, when he offered congratulations to the Prime Minister, to describe this development as a victory for the country.

Mr. Bruce-Gardyne then asked if the arrangements being introduced to enable BSC and CEGB to reduce their dependence on imported coal would also be extended to substantial users of imported coal in the private sector.

Mr. Norman Lamont, Under-Secretary for Energy replied that the *imports issue to be dis*cussed when the talks between the Government, the NCB and the National Union of Mineworkers resume tomorrow, only affected BSC and CEGB.

"There is no question of the general position being altered," he stressed.

Mr. Dennis Skinner (Lab., Bolsover), called for an assurance that the action planned by the Government to get coal imports down to an irreduceable minimum envisaged a figure of 1m tonnes, which, he said, had been suggested by Sir Derek Ezra NCB chairman, last week

Refusing to be drawn on the specific figures likely to be involved, Mr. Howell would only say the matter would be discussed tomorrow, "in a commonsense atmosphere."

He *added* that the NCB and the NUM had been asked to discuss a pattern for pit closures which was consistent with the "plan for coal" and the severe economic realities which all industry faced.

...Mr. Trevor Skeet, (C., Bedford), underlined the fact that if funds were used to keep some of the more uneconomic pits in production less would be available for the highly profitable and low cost pits.

He protested: "It is not very satisfactory to have one set of economic laws for the miners and another for the rest of the country."

Mr. Howell agreed that the long term interests of the coal industry were in the investment in modern pits and effective investment in new faces in existing pits. With an extractive industry *it was* inevitable, he said, that a degree of closures will be necessary as well.

During exchanges about easing the burden which energy costs impose on industry, Mr. John Hannam (C. Exeter) suggested that the most effective immediate step which the Government could take would be to reduee the duty o nheavy *oil.*

Mr. Lamont answered: "That is a matter for the Chancellor of the Exchequer. I am sure he will note what Mr. Hannam has said—indeed many people have made representations on that point."

Jenkins outlines his priorities for rescuing the economy

BY MARGARET VAN HATTEM, LOBBY STAFF

MR. ROY JENKINS, founder member of the Council for Social Democracy, yesterday announced his formula for dealing with strong unions intent on inflationary wage settlement—an incomes policy *enforced* by sanctions such as the withdrawal of tax rebates and social benefits.

In a major economic policy speech to the Institute for Fiscal Studies, Mr. Jenkins outlined his priorities for rescuing the British economy from what he perceived to be the brink of *major* and *permanent* damage. He called for:

- A special North Sea oil revenue fund to boost public-sector investment.
- Aid to the private sector through cuts in interest rates and in the sterling exchange rate.
- A long-term anti-inflation policy centred on an incomes policy, adjudicated by an "employment-orientated pay commission."

Mr. Jenkins' speech, delivered just as the Council is stepping up preparations to launch a new Social Democratic Party probably within the next fortnight or so, had all the hallmarks of an election manifesto. It attacked the policies of both the present Government and the previous Labour Government.

Taking advantage of the Government's acute embarrassment over its capitulation last week to the miners, Mr. Jenkins stressed the need for a firmer approach to pay bargaining.

"If we are to favour employment with lower interest and exchange rates and not re-stimulate inflation with a wild relaxation of money supply or credit growth, we must go back to the pursuit of a stability-oriented incomes policy," he said.

"We want something which will improve on our present appallingly bad mix of unemployment, inflation and inefficiency yet leaving as much flexibility as possible in pay bargaining."

He proposed setting up an "employment orientated pay commission" which would not involve itself in any freely agreed bargain but would arbitrate in any wage disputes. "Enforcement would be through a weakening of the potential strikers' financial position in the realm of tax rebates, supplementary benefits, or redundancy conditions."

Mr. Jenkins attacked the Government for its over-concentration on only one monetary indicator which, he said, was like trying to fly a jumbo jet on a small car's speedometer. Control of the money supply was an important part of economic management, but a far wider range of indicators had to be taken into account.

He also attacked Mrs. Thatcher personally for attaching too much importance to a negative Public Sector Borrowing Requirement. Such a goal might be appropriate if accompanied by a payments surplus, low inflation, low unemployment and a 2.5 per cent growth rate—as was the case when he was Chancellor of the Exchequer.

However in the present circumstances, the attractions of a negative PSBR were "exercising a considerable and dangerous attraction" on the Prime Minister. "What she has so far succeeded in doing, with perverse and damaging side-effects, has been to put it up from £8bn to £13bn," he said. "Without a revoluntionary destruction of the assumptons of the modern State — and who after the scuttle of last week believes the Government could or should do this — you cannot reduce the PSBR in conditions of recession."

Mr. Jenkins declared himself "no great admirer of the economic policies of the last government," but added they had improved "with a little help from the IMF."

While Mr. Jenkins was outlining the Social Democrats' economic policy, Dr. David Owen—another founder member of the CSD—was spelling out foreign policy in relation *to the Middle East.* He sidestepped the crucial question of the role of the Palestinian Liberation Organisation, but stressed that the dispute had to be resolved regionally and urged that the Soviet Union be involved as "an essential factor" in any settlement.

A third founder member of the CSD, Mr. William Rodgers, was reported to be under intense pressure from the Labour Party in his Stockton constituency to announce immediately whether he planned to quit

Deafening silence from the Government communicator

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CONSERVATIVE MPs gathered at Westminster in a bemused state yesterday following Sunday's astonishing TV performance by Mr. John Biffen, Trade Secretary and former Chief Secretary at the Treasury. If this leading Right-winger was now disowning "monetarist theologians" and implying three years of unparalleled Government flexibility it seemed that anything was possible.

By a strange twist of fate the job of explaining the great mystery fell to Mr. Francis Pym, who as Paymaster General has the thankless task of co-ordinating Government policies and presenting them to the electorate. To add piquancy to the situation he is also one of the leading "wets" and recently made a much heralded speech at Putney urging the Government to modify its policies.

His performance *yesterday* turned out to be almost as curious as Mr. Biffen's. Far from attempting to rally the broken ranks he seemed determined to say nothing at all. The implication was that Mrs. Thatcher and some of her Ministers had got themselves into this mess and they *could jolly well get them*selves out of it.

Mr. Robert Adley (C., Christchurch and Lymington) thought it was ridiculous for people to label the Prime Minister a Right-wing extremist when the Government was providing huge sums of money to the nationalised industries. He welcomed Mr. Pym's Putney speech and told him to "keep at it."

But this enthusiastic endorsement failed to stir Mr. Pym who replied: "I am not *responsible for* the comments of the Prime Minister, any other Minister or any other comments for that matter."

The Tory benches seemed temporarily shaken by this retort, which almost ranks with Rab Butler's classic double-edged remark that Eden was "the best Prime *Minister* we have got."

Nevertheless, Mr. John Silkin, Labour's shadow Leader of the House, had another go and asked whether Mr. Pym saw the Prime Minister as a Kamikaze pilot or as more orthodox aviator.

"I will leave the Prime Minister to present herself," came the terse reply.

By this time Conservative MPs were becoming increasingly frustrated by the deafening silence from the man whose job it is to beat the drum for the Government.

In a masterly understatement, Mr. John Stokes (C., Halesowen and Stourbridge) sought an assurance that in spite of the "contretemps" of the past week, the Government would resist future public sector strikes.

"It is not a matter for me," was the cheerless retort to *this particular request.*

Undeterred, Mr. Robert Atkins (C., Preston North) asked if he was satisfied with the effectiveness of Govern- the effectiveness of the co-ordination of Government policy.

"There is always room for improvement," conceded Mr. *Pym philosophically.*

Frantically trying to generate some enthusiasm, Mr. Atkins praised Mr. Pym's declaration and said that with speeches like this the Government had nothing to fear from the "Limehouse Lefties."

Studiously keeping up his policy of verbal non-intervention Mr. Pym politely thanked him for his kind remarks.

In the absence of comfort from the Government front bench, the Tories now seemed to be seeking guidance from a higher source. During questions on energy, Mr. Ken Lewis (C., Rutland and Stamford) complained that although the party was badly in need of prayers, half the churches were freezing because they could not afford the rising cost of fuel.

This brought an admission from Mr. Norman Lamont, Energy Under Secretary, that he had been in an extremely cold church last Sunday—praying for Her Majesty's Ministers.

Moore highlights company energy savings

BY IVOR OWEN

SIGNIFICANT savings in energy costs already achieved by some leading companies were highlighted by Mr. John Moore, Under Secretary for Energy, in the Commons last night.

He was moving the second reading of the Energy Conservation Bill, already approved by the House of Lords, which sets standards of efficiency for a wide range of appliances.

Mr. Moore gave these examples of "remarkable savings" achieved by companies who had invested in energy conservation:

- ICI found that the energy saved by using a microprocessor monitor paid for the £20,000 cost within 10 days.
- Sainsbury's had achieved savings of £1m a year on a £7m fuel bill through staff education, improved lighting and heat recovery.
- Hackney Council had invested £600 in a control system for a hot water boiler which saved £125,000 a year—"a pay back period of six hours."
- Pauls and Sandars, a large malting company, had reduced its annual energy consumption by 27.5 per cent equivalent to 2.5m therms a year. If no energy savings had been made the annual fuel bill would have been £500,000 higher, representing about 15 per cent of the company's profits.
- Trusthouse Forte was installing new equipment which, with no loss of comfort, *would trim* £1.7m off its anticipated energy bill for 1980-81 of £15m.

Mr. Moore explained that the Bill covered appliances which were designated either as "heat generators" or "gas appliances."

Unemployment 3m by the end of year, says Varley

MR. ERIC VARLEY, Labour's Shadow Employment Secretary, yesterday predicted that unemployment will rise to 3m by the end of the year. He said the cost to the nation is already enormous.

Speaking at the Pet Industries Association annual convention at Stratford on Avon, he exampled the unemployed married man with two children. Apart from the misery and distress inflicted on the individual, the cost to the social services was £6,000 per year.

Mr. Varley blamed the Tory economic policy for this situation and said that even when the world recession is over, Britain's position will be worse than her competitors in Western Europe, so deep is the wound.

Threat facing Labour's Tyneside machine

BY DAVID BELL

"OUR PEOPLE will get in the booth at the election and they'll member their mother telling them that if they don't vote Labour their hand will drop off. They'll be for us then, never mind all this Social democracy."

With these comments a senior Gateshead councillor last week dismissed the defection (in all but name) from the Labour Party of Mr. John Horam, MP for Gateshead West, and Mr. Mike Thomas, the member for Newcastle East just across the Tyne.

The formidable Labour machine which has for so long dominated the political life of Tyneside is already trying to behave as if these two men no longer exist. They are "political hermaphrodites" says Mr. Joe Mills, chairman of the north region of the party. And there are no tears from Councillor Bill Collins, veteran leader of Gateshead council: "Seventy-five per cent of John Horam's party used to consider him a friend. But not one of them will follow him now. They were disgusted at his actions."

But behind this carefuly maintained facade it is clear that in Newcastle there are now three "Labour parties." As the ties which used to prevent open warfare within the party weaken, the challenge for the nascent Social Democrats is to prise these parties apart once and for all. It will be an uphill struggle on Tyneside, but there are some signs that it may not be impossible.

The first "party" is best described as that of the committed Left. It includes Bennite activists and members of the ultra-Left Militant Tendency *whose* alleged infiltration of the party has been repeatedly attacked, locally and nationally, by the Social Democrats and by some Labour MPs.

The Militant, as the movement calls itself, has made some progress on Tyneside. But its numbers are small and its success owes less to dishonest Marxist-Lenin plots than to old-fashioned good organisation allied to a high level of commitment. Backed by a full-time organiser, the members of the Tendency appear to have kept within party rules and they have been able quite easily to exploit the near moribund state of some ward and constituency parties. They have never been a serious threat in any Tyneside seat.

Second, there is the Labour establishment (from "old Left to old Right") which rules the city. It is moderate and pragmatic, more concerned with school meals than the need to *seize the commanding heights* of the economy. If it finds it can't control the "new Left" it will try and smother it just as it is now trying to smother a Left-wing proposal that the chairmen of councils and council committees should be elected by the local party.

Some of the members of this group argue passionately that Mr. Horam and Mr. Thomas should have stayed and fought for their beliefs within the Party. "They're quitters not fighters," says Mr. Mills, who recently accused Mr. Thomas of "looking for a cream cake party."

Many of them privately agree with almost everything that was in the Limehouse Declaration. But their loyalty to the party goes deep; there is always another conference to reverse the decisions of the last and, anyway, "we've got to make sure that Mrs. Thatcher doesn't ever get to order any new curtains for No. 10," as one put it.

(Both MPs respond that it is they who have been doing the fighting for years and that the changes within the Party have gone beyond the point of no return. "I cannot see the Labour Party now producing a manifesto that I can believe in," says Mr. Horam.)

Third, there are those who, until now, have never questioned their support for Labour. A few hold office in the party or the unions or are employed by the local authority and dare not publicly voice their reservations. Many more hold no office, but can always be relied on to vote *at election time.*

Some of this group have decided, often after much soul searching, to end their links with the Party. One such is Mr. Jim Heads, a shop steward at the Swan Hunter yard and the kind of man the Party can ill afford to lose. He has now taken a very painful decision to end 20 years of hard work for Labour. "The party has become like a tree with Dutch elm disease—rotten inside. The only answer is to cut it down," he says.

Within this group it is clear that there is sizeable if tentative support for the Social Democrats. A random survey of some 50 people in the Gateshead shopping centre, dominated by an ugly multi storey car park that was meant to be an office block, uncovered much interest in the new party. A phone-in poll on Tyne Tees television two weeks ago found much the same.

And Mike Thomas has had *more than 1,000* replies to a letter he sent to 32,000 constituents. Eighty per cent of the people replying applaud the stand he has taken. He is enormously popular in his constituency not least because he won the battle to keep open the giant NEI-Parssons Factory in the heart of his constituency.

This "third Labour party" is deeply conservative, strongly opposed to union participation in the election of the party leader and highly sceptical of the merits of further nationalisation.

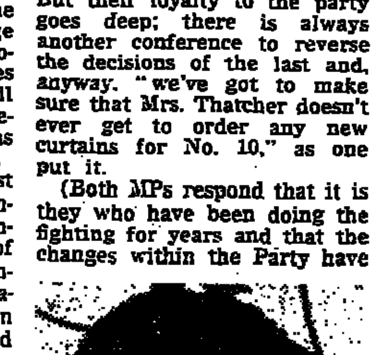
The problem for Mr. Thomas if, as seems likely, he decides to contest his old seat as a Social Democrat, is how to persuade enough of this group to abandon the habits of a lifetime. *Mr. Horam, whose seat is due* to be abolished in the forthcoming boundary changes, will not have the advantage of contesting his old seat and could yet decide to stand elsewhere.

Partly there is an organisational problem. "No one before has succeeded in creating a political party from the top down," says Mr. Andrew Ellis, a county councillor and one of the leading Liberals in the city. The Liberals have had some impact in the centre of the city, but their support is small and they know how hard it can be to take on the Labour machine.

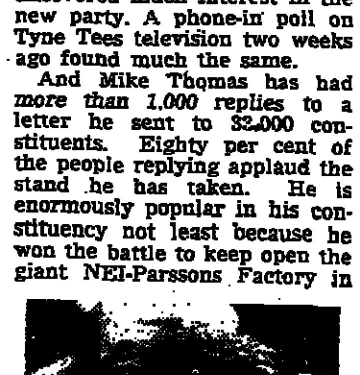
More important than organisation are the doubts about what the new party stands for as opposed to what it stands against. Mrs. Shirley Williams and Dr. David Owen are very popular. But their political philosophy is only dimly perceived. And Mr. Roy Jenkins is regarded with extreme scepticism.

Then there are the Conservatives. A clearer statement of political philosophy will also be necessary to lure enough of htme into voting Social Democrat. Yet it does seem that many of them are ripe for the picking. Like their disaffected Labour counterparts, many of them sense that, at last, there may be a "respectable" way of discarding the voting habits of a lifetime.

Mr. Thomas and Mr. Horam are among the brightest of their generation in the Labour Party. Neither underestimate the size of the challenge, particularly in an area where Labour's roots go so deep. But they sense that even on Tyneside the political log jam is breaking up. As Mr. Thomas puts it: "I have been embarrassed walking around the constituency by the level of support I have received. At least it should kill stone dead the idea that we are some kind of nosh elite strutting round the South."



John Horam: born 1939; Cambridge; leader writer Financial Times 1962-65; Economist 1965-68; Commodities Research Unit 1968-70. Elected June 1970; Under Secretary for Transport 1976-79.



Mike Thomas: born 1944; pres Liverpool University Union; Co-op Research Dept. 1966-68; *Political* and Economic Planning 1968-73. Elected October 1974; PPS to Roy Hattersley 1975-76.

1979 Election Result

NEWCASTLE EAST	
Thomas M.S. (Lab)	18,257
Conservative	12,078
Liberal	2,818
Lab majority	6,179
GATESHEAD WEST	
Horam J.R. (Lab)	18,538
Conservative	5,221
Liberal	1,186
Nat Front	186
Lab majority	13,317

UK NEWS—LABOUR

Water workers threaten all-out strikes soon

BY JOHN LLOYD, LABOUR CORRESPONDENT

THREATS of all out strikes within the next few days were made by groups of water workers in several parts of the country yesterday, while other unionists began limited industrial action.

Mr. Ron Keating, assistant general secretary of the National Union of Public Employees, said "we are on the verge of one of the most serious industrial disputes we have ever seen, and the Government is standing back."

In the north east, delegates representing 800 members in the industries' two major unions—the General and Municipal Workers Union and the National Union of Public Employees—voted for a total stoppage from tomorrow night unless the 10 per cent "final" offer made last month by the National Water Council is substantially increased.

The stoppage would affect two of the region's three divisions—Northumberland and Tyne, and Wear. Mr. Dennis Down, the NUPE area officer, said the stoppage would have a devastating effect within days.

In Wales, two of the seven NUPE divisions, West Wales and Usk, are balloting members on overtime bans, while other Welsh branches are considering other forms of industrial action. Mr. Steve King, assistant divisional officer, said: "I am certain there will be some form of unofficial action before the week is out."

Overtime bans are already being operated by workers in the north east and in York.

The trade union side of the National Joint Industrial Council will meet tomorrow to consider the response of the 32,000 workers to the 10 per cent offer. It is certain that, if no call for further negotiations is made by the Council, the unions will begin industrial action possibly in selected areas.

In Lancashire, about 200 workers started an indefinite strike from midnight last night. Most of the workers, members of the GMWU, work for the Pennine Water Authority in Oldham and Ashton. The National Water Council said the effects of the action would be "very limited" and would only be felt if there were burst water mains.

Mr. Keating of NUPE said the Government now had to make it clear whether or not it was involved. "I would hope that the pragmatic approach which is being advanced by the likes of Mr. Biffen will bear fruit with this small but vital group of workers," he said.

Mr. John Biffen, Trade Secretary, said on Sunday that some key groups of workers had an "extra-Parliamentary authority which is almost baronial." He said the Government had given in to the mineworkers because the alternative was defeat.

Area officials said last night that attitudes among the water workers had hardened over the past month, and they had been encouraged by the example of the mineworkers.

Postal union calls for productivity deals

BY NICK GARNETT, LABOUR STAFF

REFUSAL to extend productivity agreements nationally through the postal service would lead to "industrial strife" within the industry, together with job losses and deteriorating services, according to a special report produced by the executive of the Union of Communication Workers.

The report, to be issued to union branches this week, recommends that the improved working methods productivity agreements be extended nationally but still on a voluntary basis.

The schemes are vital, says the report, if the union is to assist in defending agreed levels of service and, through that, the jobs of its members. The report will be put to a special union conference in April.

The schemes have been operating in experimental form in 162 offices and cover 22,500 staff. They provide core bonus payments worth 70 per cent of man hours saved with top up elements related to quality of service and traffic.

The UCW report says the core bonuses have ranged from £27.76 a week for one small group of postal higher grade staff to £0.46 at a small Devon sub-post office.

These figures are untypical. The core bonuses, according to the report have averaged about £5 a week. During November the schemes in operation provided more than £400,000 in bonuses—averaging 6.25 per cent of average pay.

The Post Office recoups much of this by using the schemes to cut excessive overtime and by reducing staff voluntarily and by not filling some vacancies. The improved working methods agreement has helped towards a trend of lower staff costs.

The UCW report does include criticism of the schemes from some offices. It says, however, that the schemes are far more beneficial to postmen than the eight-year-old mails operation savings scheme (MOSS).

In general, says the report, the improved working methods schemes are about 40 per cent more beneficial than MOSS in terms of rewards for postal workers.

The executive suggests the possibility of renegotiating "targets" within individual schemes warns that there might be disagreements with management over payments of bonuses during periods of sick leave.

The Post Office, which sees the schemes as vital for improving performance, wants to extend them by the summer as far as possible among the 120,000 postal workers who would be eligible.

Chemical workers seek £80 a week minimum

FINANCIAL TIMES REPORTER

MORE THAN 60,000 chemical process workers put in a demand for a basic £80 a week minimum wage yesterday.

The claim was presented to employers in the Chemical Industries Association in London.

Mr. David Warburton, National Industrial Officer of the General and Municipal Workers Union and chairman of the trade unions' side said: "The national basic rate is a mockery of the contribution our members make to the economy. We are efficient by comparison with competitors yet we have a base rate of £66. The £80 minimum can be justified. Our industry is a first class export earner and we have had enough of third-class wages.

"Our claim is political because it has to be. The Government blames workers for the recession. In our industry we can—with the employers—refute that totally.

"Unemployment is hitting the UK more than any other European nation not because of productivity but as a direct result of Thatcher policies. Our claim is for a living wage for workers in an industry which actually earns revenue for the Exchequer."

The GMWU represents 38,000 chemical workers under the agreement. Last month the union decided to support official overtime bans throughout the chemical industry—covering over 200,000 workers.

Call for sugar embargo

BY OUR LABOUR STAFF

THE British Sugar Corporation Board yesterday declined a request from its trade unions to withdraw redundancy notices issued to workers at four plants it is closing.

The corporation is understood to have reaffirmed that work at these plants will continue for the next two months.

Unions at the corporation's Colwick plant in Nottingham yesterday called on the 13 other plants in the group to start an embargo of traffic to and from the corporation.

Process workers at Tate and Lyle's Liverpool refinery, which is also being closed, have decided not to embargo sugar movements from the plant. A policy to prevent the movement of sugar from the refinery had been agreed by shop stewards last week.

A document entitled A Policy for the British Sugar Industry is to be issued by three of the main unions in sugar processing.

The document, produced by the General and Municipal Workers Union, the Transport and General and the Association of Scientific, Technical and Managerial Staffs calls for the maintenance of sugar cane imports from the old Commonwealth countries.

It also argues that there should be no reduction in EEC quotas for UK beet sugar production.

TV action 'not unlawful'

FINANCIAL TIMES REPORTER

A HIGH COURT judge refused yesterday to stop a union from blacking the £500,000 Thames TV series Unforgettable.

He said there was not sufficient evidence of any unlawful conduct by the union—the Association of Cinematograph, Television and Allied Technicians or its officers.

Hadmor Productions, of Croydon, Surrey, which made the 13-part series featuring pop stars, had sought temporary orders forcing the union and three named officials to lift the blacking.

Four of the 13 half-hour episodes of "Unforgettable" had already been shown. Then it was halted by Thames TV before the blacking instruction was issued on February 9.

Giving judgment, Mr. Justice Dillon said that at a full trial of Hadmor's action it would be "more than likely" that the union could establish the existence of a trade dispute.

The terms of which films made by facility companies such as Hadmor should be shown on Thames could become the subject of such a dispute.

The union had claimed that the Unforgettable films had been sold to Thames at "cut price" to gain publicity for a band with which one of Hadmor's directors was connected.

Hadmor's claim that it had sold at the "market price" would have to be examined at the full trial, the judge said.

Talbot to implement new manning levels despite union dissent

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT UK will implement unilaterally new working practices and manning levels at its Ryton plant, Coventry, today in spite of union warnings of industrial trouble.

Mr. Bill Lapworth, divisional officer of the Transport and General Workers' Union, warned last night: "Trouble is inevitable whether it erupts today, or is spread out over the next few weeks."

Talbot, in a letter to the homes of the 1,700 Ryton workers, says plans to introduce a new model at the plant will only become a reality once immediate productivity and efficiency targets have been achieved.

The company said last night it hoped to achieve a productivity improvement of about 10 per cent at the plant which assembles the Alpine and Solara models. Changes in work practices and the speed of the assembly tracks were "comparatively modest," but significant.

Shop stewards are angry that the measures are being imposed without union agreement and maintain some of the targets are "impractical." The new measures are expected to concern only a few departments initially.

Shop stewards are likely to try to test shop-floor opinion by calling a mass meeting today, but an immediate walkout seems unlikely.

Mr. Lapworth maintained: "The company has got sufficient scope to provoke enough industrial relations trouble to provide an excuse not to introduce a new model. The move could be the first step towards the closure of Ryton."

A £10m plan has been submitted to Peugeot, the French owners of Talbot, to assemble at Ryton the Horizon model—now being built at Possy, France.

More BA pay talks planned

NATIONAL sectional panels of workers at British Airways will meet again this week following 10 hours of pay talks at the weekend.

Panel representatives and national union officials will meet management on March 2.

In the weekend negotiations, the airline is understood to have stuck to its position that the total amount available for pay rises would not be raised.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Hydrogen fuel from sunlight and water

MANY ENERGY experts believe that the ultimate fuel for transportation when the hydrocarbons have run out will be hydrogen. Although there are problems with storage, hydrogen has the obvious advantage of burning to produce water only, leaving the atmosphere unpolluted.

The oft-quoted suggestion for its production is the electrolysis of water using electrical energy which, it is supposed, will ultimately be produced at low cost.

In the meantime, researchers at Battelle Columbus Laboratories are examining ways of producing hydrogen and other fuels by solar photoelectrolysis.

Electrodes made of semiconducting materials are immersed in water and exposed to sunlight to produce electric current at a sufficient voltage to electrolyse the water.

Problems at the moment centre round the efficiency and stability of the semiconductor electrodes and the explosion dangers resulting from the coincident production of *oxygen*.

Apparently to date, the useable semiconductors have been transparent to the solar spectrum, lowering their energy producing ability. Some "promising new" materials are now under investigation and to *counter the oxygen/hydrogen* explosion hazard the team is looking at additions of simple organic acids to the water that can result in the production of hydrogen and hydrocarbons during electrolysis.

Dr. R. E. Schwerzel, in charge of the project, believes that "the mixture could be an attractive substitute for natural gas if ways can be found to carry out the process economically and efficiently."

To make the process economical the team will also look at the prospect of producing the acids needed from waste biomass materials such as wood chips, sugarcane and corn cobs. Battelle is at 505 Kings Avenue, Columbus, Ohio 43201.

Boris books the tickets

AFTER A joint specification exercise with ICL, eight theatres in the UK have decided to employ a seat booking and information system based on an ICL 1500 minicomputer installed at each of the theatres.

Each system will work in a stand-alone mode and ICL believes the approach will be far more flexible than some existing systems where a number of theatres share a common computer.

The theatres involved are the Hexagon at Reading, the Royal Shakespeare at Stratford, Birmingham Repertory, Royal Exchange Theatre Company in Manchester and four Theatre Royals in Glasgow, Newcastle, Norwich and Plymouth.

BORIS stands for Box Office Reservation and Information System and the main aim is to automate completely the box office and ticket selling operation—but without demanding changes in established ticket selling routines. It was felt by all the theatres that the equipment should complement tried and tested manual box office techniques.

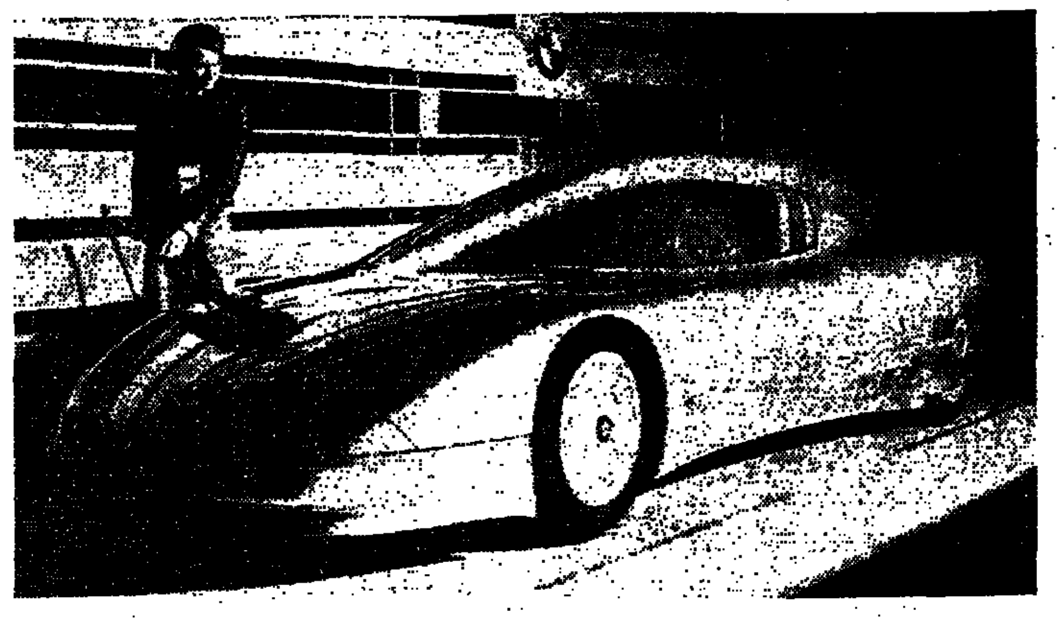
At each theatre, the computer can be linked to several box office terminals. As well as producing tickets automatically Boris will keep an up-to-date record of all sales for all performances. The system will also maintain accounting records and produce statistical reports on demand.

Boris will also handle subscription booking by regular patrons and can produce mailing information labels.

At any time management can discover sales for particular shows via a screen display and so can test response to promotion campaigns and decide whether pricing strategy needs to be amended. More from ICL, on 01 788 7272.

BMW gears up to cut vehicle running costs

BY JOHN GRIFFITHS



Streamlined prototype undergoing tests in the thermal chamber at BMW's proving centre

IN THE near future, a BMW driver is likely to be seeing, and doing, some untraditional things.

Like watching illuminated dashboard signals showing his engine switching from six cylinders to three and back again with remarkable rapidity; or a bank of lights telling him an oil change or service is due—or overdue—dependent not only on mileage covered, but on the manner in which those miles have been covered.

He could also be using a four-speed automatic gearbox, with the changes electronically operated for optimised efficiency, and with the driver himself programming it for maximum economy or performance.

He is also likely to be told, via an illuminated display and audible warning, if something has gone wrong with any one of a number of functions, and to have the facility to "order" systems checks in much the same manner as a pilot prior to take-off.

Last, but by no means least, he will accelerate with his foot almost flat on the floor—but changing up at about 2,000-2,500 rpm on the way to his cruising speed. Forget traditional ideas about accelerating gently, says BMW—our way (VW has reached a similar conclusion) is the most economical for a car powered by petrol.

These features dominated an intensive one-day teach-in—BMW called it a Technik Tag—at BMW's headquarters and two-mile proving circuit at Munich, providing an insight into how one manufacturer, at least, is tackling the emerging priority concerns of maximising fuel economy and cutting vehicle operating costs.

The attack is broadly-based, with various—in some cases, similar—routes being taken by other manufacturers. BMW, in the words of Dr. Ing Kalrheinz Radermacher, management Board member for R and D, has the objectives both of maintaining BMW's reputation for being technologically advanced in its specialist sector of the market, and of marketing its technology elsewhere in the motor industry—success in the latter field being seen as essential to BMW's long-term survival.

First of the new developments expected to appear in production is the Eta engine. BMW remains reluctant to give details, but it is known to be a very high compression unit designed to give high torque at low rpm, and is said to approach the economy of a diesel when driven appropriately.

Destined first for the smaller 3-and 5-series cars, it will appear before BMW's new diesel engine. Since the latter—to be built in Austria as a joint venture with Steyr-Daimler-Puch—is due in 1982, Eta should, therefore, be on sale within the next 12 months.

In the meantime, two approaches have been taken towards fuel economy via cylinder cut-outs.

The first, the TZA (part load cylinder cut-out), is claimed to give an improvement of up to 25 per cent in the European urban driving cycle.

The rationale behind it is that the petrol engine is most efficient when the throttle is wide open. Indeed, its principal disadvantage *vis-a-vis* the diesel is that the latter operates over its entire range without throttling, whereas, under part load, the presence of a throttle in the petrol engine's inlet tract puts an extra burden on the pistons and cuts thermal efficiency.

The TZA therefore halves the number of cylinders in use at part-load and runs the remainder at full stretch. This is achieved by cutting off the fuel injection to the idle cylinders and diverting hot exhaust gases through them to minimise frictional losses and mechanical imbalances.

As a countermeasure to the doubling of the length of the firing intervals and the mechanical imbalance, which cannot be entirely avoided, BMW has fitted improved engine mountings. While a test session did not allow for fuel consumption checks, the impressions of a car so equipped was that the changes between 3 and 6 cylinders were virtually imperceptible, required no special driving techniques and appeared to make no difference to the smooth running of the car.

The other, cheaper, approach, the LZA (idle cylinder cut-out) involves simply cutting off fuel to three cylinders while idling: this reduces consumption by 18 per cent during idling and *gives an improvement of 2-4 per* cent overall.

The electronic optimised automatic transmission—featuring an "overdrive" fourth gear—has been developed with ZF and Robert Bosch. Sensors read rotation speeds and loading of transmission and engine, the position of the transmission selector level and that of accelerator kick-down switch. In turn, a control unit determines the optimum gear ratio for any given conditions and will change gear accordingly. The driver *himself, however, defines* "optimum"—via a switch with which he can opt for maximum performance or maximum economy. The control system is integrated with the central engine electronics system, allowing engine output to drop momentarily between shifts as if the box were being changed manually.

The transmission could be developed to include many more variables such as road gradient, vehicle load and aerodynamic changes—for example if a roof rack were to be fitted.

It could go so far as to "learn" a driver's habits and adjust itself to them—thus avoiding, for example, making inconvenient shifts in a bend if the driver is of the "press-on" type.

To get round the power losses of the automatic transmission's hydraulic torque converter, BMW demonstrated a torque converter-clutch which "locks up" the converter on changes. Mated to the four-speed transmission, it gives a claimed 11 per cent fuel improvement over a "conventional" 3-speed transmission.

One of the most intriguing innovations, however, relates to the Service Interval Display equipment. BMW argues that while cars have become sophisticated, servicing has not. Current practice of basing servicing *on fixed mileage intervals* is, BMW argues, redundant, because the maintenance depends not just on mileage but the conditions under which those miles are covered. For example, a car used only for short trips, which is hardly ever properly warmed up, will require oil changes and servicing at much lower mileage intervals than one used for long journeys at near-maximum efficiency.

BMW's system monitors engine speed, mileage, oil temperature and elapsed time. Information is conveyed to the driver via a row of nine lights, five green, one yellow and three red. Up to five greens—depending on how far the car is from an oil change or service—will light up when the ignition is turned on, going out when the engine starts. If a service is due, a yellow lamp comes on; if slightly overdue, one red, building up to three—which cannot be turned off—for a real transgression.

Quite how such a system will affect servicing outlets—it could also lead to some interesting warranty arguments—has yet to become clear. But BMW illustrates its case for greater flexibility by suggesting that whereas a typical service interval can be 6,000 miles, a car operating in ideal conditions could travel 15,000 miles before the yellow light came on.

When will all these new ideas come in? BMW will not be specific. But it would be surprising if most were not on the market within about three years.

NEWS IN BRIEF

COMMUNICATIONS

INTRODUCED BY CSL Business Systems of Letchworth (04626 73991) is a device called Telexstorer which will allow the output of a golf-ball typewriter to be digitally recorded on a standard micro-cassette.

The cassette is then immediately available for telex tape preparation or it can be kept for later use.

Each cassette holds 64,000 bytes of data, equivalent to about 24 pages of typed copy. Parts of messages can be easily edited or made ready for transmission in any order. In addition, messages can be batched at the end of the day for transmission to the same destination using the company's Telexcutter preparation system which produces telex paper tape automatically.

FINISHING

PUT ON the market by Pelikan (01-583 5363) is a transparent film with a blue coating which turns a brilliant yellow, green, orange or red on contact with the appropriate marker.

The blue background then acts as a basis for vivid graphical presentation using an overhead projector. Alternatively, by using the film as an overlay with conventional transparencies which have to be pre-marked or printed, the important passages can stand out in contrast against the rest of the text.

By using another special marker, errors or redundant material can be erased so that the entire sheet can be re-used.

Known as CreativColor, the material is available in sheet or roll form.

5000 hours aglow for Thorn lamp

A SHAPED tubular 21W gas discharge lamp claimed to have the same degree of colour quality and handiness as a conventional 100W bulb has been developed by Thorn Lighting for use in homes, offices and shops.

Fairly described as a practical compromise between the compact but inefficient bulb, which wastes up to 90 per cent of its electrical consumption as heat, and the economical but sometimes clinical-looking straight tubular fluorescent lamp, the new light source, known as the 2D, is soon to go into mass production together with an adaptor which allows it to be plugged into existing sockets.

Its appearance is unusual—a *13mm diameter luminous tube* formed into a double D only 134mm square with a maximum depth of 26mm (just over one inch). As a discharge lamp, the 2D needs a ballast (current limiting device). If the lamp is needed for an existing socket a compact one-piece adaptor can be used. For pendant fittings a ceiling rose incorporating the ballast can be used, and for other designs, such as desk lamps, Thorn has managed to conceal the ballast as part of the fitting.

The 21W rating of the 2D lamp includes 5W consumed by the ballast. Thorn claims that it has a life expectancy of 5,000 hours, against 1,000 hours for the conventional bulb, and that one 2D, allowing an average lighting time of 1,500 hours a year, would reduce a householder's electricity bill by £5.93 a year. "If every one of the 20m households in Britain had one the national saving in energy costs would be a staggering £120m," Thorn adds.

The company has commissioned Mr. Terence Conran, chairman of the design consultants Conran Associates and founder of the Habitat retail chain, to devise a range of lighting fittings and suggested applications of the 2D lamp.

هكذا من الاصل

Has Apple bitten off more than it can chew?

Paul Betts weighs up some of Wall Street's doubts about the computer company's ability to cope with its fast growth

LIKE HOLLYWOOD, Apple Computer is a Californian invention, and, like Hollywood, it has created one of the most successful fairy tales of recent corporate America. Its debut in December on the New York Stock Exchange was virtually flawless. Its growth from a workshop business run by two college drop-outs in a Californian garage into one of the leaders of the fast-emerging personal computer market in barely four years is the sort of material on which Oscar-winning scripts are written.

But the question now bugging *some parts of the investment* community is whether fairy tales last for ever. Already Apple is coming under pressure in the personal and small business computer market, not only from a handful of companies like Radio Shack and Commodore International on the lower end of the competitive scale, but from heavyweights like Xerox, Texas Instruments, Hewlett-Packard, Wang, and the Japanese, together with IBM, the most formidable.

In its prospectus before its initial offering of shares, Apple acknowledged the rising tide of competition in the personal computer field. It also recognised it would have to keep an edge on product development and improve its distribution system. In so doing, it indirectly raised the question whether the company could continue to expand for much longer at a remarkable sales rate of more than 100 per cent a year.

The answer to the last question is clearly no, even though, last month, Apple released a quarterly earnings report showing earnings rising from \$2.7m in the same quarter the previous year to \$7.4m and sales from \$19.5m to \$67.6m. Michael Scott, Apple's president, warned however, that it was unlikely the company would sustain the same growth in the second quarter.

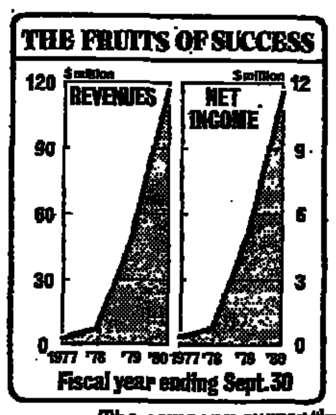
In a detailed report on the Apple stock just published by Morgan Stanley, the New York investment house which, together with Hambrech and Quist of San Francisco, underwrote the initial offering, the firm's electronics industry analyst, Ulric Weil, outlines the main challenges facing Apple.

He points out that IBM has already shown its intentions of entering the personal computer market and the electronics giant is expected to make an announcement of its intentions by this autumn. At the same time, IBM has recently reported it was opening office product retail stores in Philadelphia and Baltimore.

Xerox is doing the same thing, and so is Control Data. Nippon Electric, the leading Japanese telecommunications and computer concern, has already unveiled in California a new personal computer system. Sony, too, is moving heavily in this market.

Weil also points out that "the fact that Apple's operations are not integrated leaves the company somewhat vulnerable to its dealers and suppliers." Indeed, distribution could be one of the keys to Apple's future

THE FRUITS OF SUCCESS



Fiscal year ending Sept.30

success. The company currently markets *its systems in North* America through 750 independent retail outlets and abroad through 20 independent foreign distributors.

But one of Apple's immediate rivals, Radio Shack, a subsidiary of the Tandy Corporation, markets its systems through its own company stores. And while Apple's present distribution system appears to be satisfactory at this early stage of the development of the personal computer market, it is shortly expected to establish its own sales force in the U.S. and eventually its own retail stores.

Indeed, Apple has already indicated that changes in its distribution as well as sales support and service system will be required as competition heats up, the market expands, and new more complicated and costly machines are developed.

At present, four Apple-owned regional support centres in the U.S. supervise the *domestic* independent retail outlets, with the European outlets being served by an Apple support centre at Zeist, in the Netherlands. As well as general supervision and servicing operations these centres provide dealer training in distribution, warehousing and marketing.

Apple plans to open three additional service centres this year in North America, including one in Canada, and *has* restructured its European operations under Thomas Lawence, who joined the company from Intel.

At the same time, to meet the challenge of competition in the personal computer market, Weil expects Apple will establish a relatively small, national accounts sale force to deal directly with the Fortune 500 companies. Other new marketing changes, Weil suggests, are likely to include a few Apple-owned retail stores in some major U.S. cities. Apple will also probably have to provide optional, separately priced, on-site maintenance facilities.

All these factors will clearly put pressure on Apple in terms of the considerable financial costs involved and the need for qualified personnel at a time when demand is growing for computer technicians in the industry as a whole. Apple, however, has so far managed to attract successfully new technicians to the company largely because of its image as a fast growing industry leader in the personal computer field.

With these *recruitment* problems and with competition bringing down product prices, and hence reducing margins, Apple, like its competitors, will also have to turn its attention increasingly to ensuring that it has adequate service *facilities* at competitive costs. Weil suggests that built-in reliability is the best way to avoid service costs becoming a potentially inhibiting factor on sales. "Replace rather than repair—the procedure followed at Apple's retail stores—is a critical element in the company's servicing strategy," he says.

In the main, Weil and Morgan Stanley are generally bullish about Apple's outlook. "For the next couple of years, Apple's sales should continue to expand in excess of 100 per cent a year — an unsustainable longer term rate. Beyond fiscal 1983, the company's growth is likely to settle down to about the 40 per cent to 45 per cent rate of the industry as a whole. Pretax profit margins may come under some pressure but should hold close to 20 per cent a year, even when IBM and others enter the market, says Weil.

These bullish sentiments reflect general confidence in Apple's management, its product and the large longer term potential of the personal and small business computer market. "Although Apple is a young company, it was born an adolescent and did not go through the growing pains that most businesses go through," says John Wadsworth, a managing director of Morgan Stanley who was instrumental in *bringing* Apple to the market.

In its four years, Apple has managed to assemble a senior management team with a total of about 75 years of experience in the high technology sector.

In many respects, Apple has gone down as a text book example of a new stock offering. Whether the stock will live up to its glowing expectations is part of the risk of the game. But at present, with its extremely efficient manufacturing operation, its experienced management, the potential of the personal computer market, and the recent introduction of its new higher priced Apple 111 system, the Apple fairy tale seems by no means over.

A nagging doubt that caused a revolution

Nicholas Leslie on why a City of London printer decided to stop playing safe and take advantage of new technology

IT TAKES nerve to change your main business, particularly if the existing enterprise is still making good profits. When you follow such a step by transforming your technology overnight, people tend to gasp in disbelief.

Yet with major technological and other changes taking place across the industrial spectrum the option being faced by many companies in the industrialised world is either to "play safe" and do nothing — which may eventually prove to be decidedly unsafe — or to make a radical switch of direction into a new field of activity.

Just over ten years ago the Williams Lea Group was facing such a dilemma. A 150-year-old family-owned printing concern on the edge of the City of London, it had a sound reputation gained from printing a whole host of magazines and specialist publications—its flagship being The Builder, the major weekly construction industry newspaper.

Towards the end of the 1960s, however, Tony Williams, then managing director of Williams Lea and Co., the main group subsidiary, began to have a nagging doubt about his company's future. It was, he says, becoming *"fairly obvious that* we were not going to continue to make money printing magazines."

Two major, and related reasons lay behind this observation. First, *costs for any* London-based printing company were rising rapidly—particularly wages. Second, "the printers in the provinces were gaining ground." By this, Williams means that the increasing use of web-offset printing in place of the traditional "hot metal" process, and the beginnings of computerisation of magazine production, were together revolutionising the industry.

These changes in the production process removed the necessity for printer and publisher to be located close together. So provincial printers, already enjoying an advantage of lower overheads and labour costs than their London-based counterparts, were beginning to grab the business of the wealth of London-published magazines.

Rather than attempt a head-on confrontation with provincial printers, Williams decided that a more secure future should be sought in another area of the printing industry. Recalling what determined the direction he felt the company should follow, Williams says he was greatly influenced in the late '60s by the findings of a report by McKinsey, the management consultants, on the U.S. printing industry. This showed that the vast majority of the successful printers in the U.S. had chosen specialist *areas to operate in. The* unsuccessful ones were generally "Jack of all trades" printers handling anything and everything and looking for volume to provide them with a profit. Williams reckoned that the *British industry could well* parallel that of the U.S.

In looking for alternative business, Williams became even more convinced of the potential of a market he had had his eye on for some time and which was right on his doorstep—the City itself. The late 1960s (and, as it turned out, the early 1970s) saw a boom in the number of companies going public, making takeover bids and raising all manner of loans. The amount of documentation associated with such deals was enormous and a printer close at hand to those institutions handling the deals—such as merchant banks—had a clear advantage in gaining printing contracts; their *orders were frequently put* in on a day-to-day basis and needed last-minute changes before printing took place overnight. Speed, therefore, was of the essence.

Additional potential lay in the printing of companies' annual reports and accounts and announcements of their half-yearly, and even quarterly, financial results.

So plans were put in hand to switch Williams Lea and Co's business to City printing and to phase out magazine production. This, in one respect at least, was easier said than done. Printers dealing with corporate documentation must be "secure," meaning that there must be no leaks of sensitive information relating, for example, to a takeover deal.

Security

A new entrant therefore faces a Catch 22 situation. Until it has a reputation as a secure printer it is hard to get business, but it is equally difficult to attract its initial clients without the required reputation.

According to John Peters, the present managing director of Williams Lea and Co, the company set about overcoming the problem quite simply by persuasion—*explaining to* companies what it was planning to do, outlining the facilities it would be offering and the steps it would take to ensure the security of confidential information. Gradually, it won a few companies over and, since bringing the system on stream in 1970 has gradually built up its client list.

It took three years to build up the new business before magazine printing could be phased out completely. The last contract—for The Builder—was finally given up in 1973. Though there was a hiccup in profits in 1970-71, the pre-tax return falling from £193,000 to £144,000, the following year saw a recovery to £204,000 and a further rise in 1972-73 to £315,000.

Some diversification had already taken place prior to the switch to City printing—the Williams Lea Group having been created by joining Perivan Press (a litho colour printer) and Photoprint Plates (also colour printing) with Williams Lea and Co., in 1964. Dolphin Press, which makes self-adhesive labels and produces booklets, leaflets and advertising material, was taken over in 1967.

But these purchases were made more with mere expansion of printing in mind than to fulfil what was later to become a defined strategy. Since 1970, acquisitions have been made in line with Williams's growing belief in specialist businesses and the detailed sense of direction provided by the group's planning process.

A significant move was the group's purchase in 1972 of Broadway Press and Multi-sets. Broadway produces material in a variety of languages, together with company annual reports and material for City institutions. *Multi-sets* produces business forms, particularly for computer applications. It is also a registered security printer.

These acquisitions have proved of strategic importance: Multi-sets' sales have increased almost sevenfold to £3.6m, making it virtually as large as the the group's main subsidiary, Williams Lea and Co., while Broadway (combined with Herbert Fitch, *which was acquired* in 1973) has more than tripled sales to £1.4m, making it a third as large.

In 1975 Wiliams Lea and Co. took the second of its major steps. When the switch to printing for City institutions had taken place, the possibilities of computer typesetting were acknowledged by the directors, but given little more than a fleeting thought because of the complexities and, in particular, the costs involved at that time.

However, by the mid-1970s real consideration was being given to changing the subsidiary's printing technology from the time-honoured "hot metal" to a computerised system. The build-up of work was putting traditional methods under considerable strain.

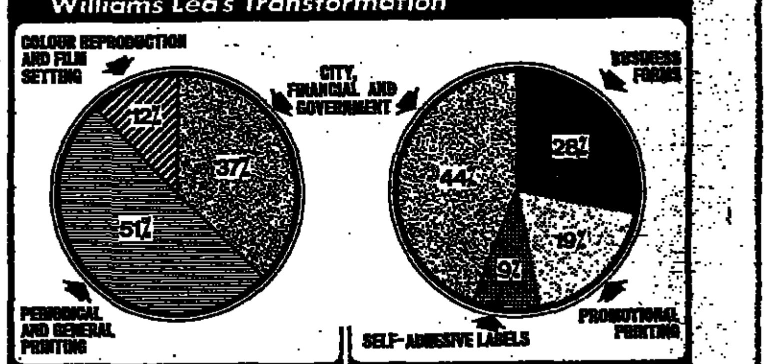
Significantly, it was decided to put a printer in charge of a feasibility study, rather than a computer expert. Peter Smith was seconded from his job as works manager to take charge of the project. In so doing, he had to become a computer expert—but, of course, one who had a long and detailed knowledge of the problems that can arise in City printing.

After lengthy study Smith produced his recommendations and received the go-ahead to instal a Data General system embracing two computers and two computer typesetting machines. The doubling-up was to ensure continuous operations even if a breakdown occurred in one *machine.*

The software required a major and "very difficult" development programme, which took three years, says Peters.

The software programme is orientated to the key demand of City printing: considerable flexibility in the correction of copy. "We spend three times as long on correcting copy as setting it," remarks Peters.

Williams Lea's Transformation



Critical

While the plans were being laid for computerisation crucial negotiations were taking place between management and unions over the introduction of new technology and the eventual phasing out of "hot metal." The number of production staff needed to be halved over a four-year period and the remaining 42 retrained.

The new system came on stream just over a year ago and Williams says all objectives have been achieved. Though some adjustments have had to be made in the software none have been critical and, says Peters, no time has been lost through faults in the system.

One of the most significant aspects of the company's progress in the past ten years or so is that it should have happened at all in a family-owned business where Tony Williams and his elder brother did not always see eye to eye on the route that the group should take. *This was particularly so with* regard to the basic decision of whether to remain a general printer or to specialise.

As perhaps is inevitable if a family company is to survive major structural change, it needs to be left in the hands of just one family member, together with new non-family management. This has been the case with the Williams Lea Group where Tony Williams's brother gave up his executive role in 1974.

Now, whereas the original family printing company represented the major chunk of the group business ten years ago it now accounts for only a third. Not everything has gone smoothly. Photoprint Plates has recently been closed down, because, according to Williams, a successful specialist formula could never be found for the business. And Instrument Charts, which was acquired in 1976, has now been sold. This was a case of a bad buy rather than a bad business, says Williams. The market had not grown as expected and it was decided that the company was therefore too small to fit in with group plans, and likely to remain so.

Business courses

International Personnel Management Conference, Montreux. March 18-20. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium

Project Management, Slough. March 9-16. Fee: £325 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Improving your Company's Distribution Performance, London, March 24-25. Fee: £120. Details from Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX.

Employment Legislation, St. Helens, Merseyside. March 9-10. Fee: £40. Details from Administration Officer, School of Management Studies, St Helens College of Technology, St. Helens, Merseyside, WA10 1PZ.

FINANCIAL TIMES SURVEY

Tuesday February 24 1981

Pension Fund Investment

The Wilson Report on the £50bn pension fund movement may have been only a hiccup, but political pressure still exists in the TUC's plans for direction of investment and in the Scott Report's recommendation that the Government study index-linked gilts as an investment medium for pensioners. Meanwhile, commercial pressures and international *opportunities are in any case altering the traditional portfolio mixes.*

Performance ratings will increasingly prove the main yardstick of success. In the introductory article below CHRISTINE MOIR outlines the tasks ahead

Challenge to managers to develop their skills

THE GOVERNMENT is clearly preoccupied with more important matters than the control and regulation of pension funds. It has already firmly rejected even the modest proposals in the Wilson Report on the Financial Institutions for a Pensions Act to replace the cumbersome and ancient Trust Law which was designed for quite another purpose.

Even less is it prepared to consider the issues of control or direction of the £50bn or so of assets invested by the industry. Only last month Mr. Nigel Lawson, Treasury Secretary, denied any interest in the flow of funds into overseas securities. In the debate on the Wilson Report he said that such investment must have a prudent ceiling, but that was for fund managers to determine, not Government.

Nevertheless, the political pressures on the pension fund industry are still not quite lifted. At a recent conference for trade union pension fund trustees, Mr. Len Murray, general secretary of the TUC, reluctantly conceded that the opportunity had been lost — at least for the life of this Government — to bring in legislation giving workers the right to appoint 50 per cent of trustees.

But he did not concede defeat over the TUC minority proposal in the Wilson Report for a British Investment Bank with £2bn of funds provided equally from the pension funds and North Sea revenues.

TUC leaders are making no bones of their long term intentions—to control the direction of at least part of the investments of the pension funds which they regard as their members' deferred pay and therefore intrinsically tied up with long-term strategies for economic recovery and future pay.

A further political pressure is just developing in the aftermath of the Scott Report on Index-Linked Pensions which has recommended the extension to the private sector of pensions linked to the rate of inflation.

The Scott Report highlighted the problems of investment performance for fund managers in the private sector where employers, by definition, cannot guarantee fixed levels of future benefits.

The solution devised by the committee was for the creation of a new, restricted financial instrument available only to pension funds—government stock indexed to the rate of inflation.

While it is far too early to evaluate government response to index-linked gilts the possibility of their creation has major implications for institutional investment strategies and the market.

In particular the traditional balance of 20 per cent of assets in gilts, 35 per cent in equities and a similar amount in property may need to be revised with consequent problems of major disposals in a narrowing market.

Meanwhile commercial pressures on investment managers have not let up and in that context, index-linking (though of a different sort) is a burning issue.

Spotlighted

Theories on investment imported from the U.S. have spotlighted the problems of performance in an efficient market dominated by monolithic funds. Partly as a result of this and partly as a function of mathematics, tables can be drawn up which show it is difficult for institutional investors to match, let alone beat, the average performance in the market as represented by the market index.

While the argument is still being hotly debated, most large funds have conceded something towards the concept by tailoring part of their equity portfolios to reflect the constituents and weighting of the FT-Actuaries All-Share Index.

These "core" holdings—rarely traded—have until recently been a close kept secret. Fund managers feared that their roles might be questioned if it was learned that they were only passive holders of stocks instead of active seekers after investment opportunities.

Slowly these covert cores are being disclosed, however, as trustees are educated into the realities of investment. It is neither possible nor sensible to be continually churning stakes in the mainline securities, yet it still makes sense to hold them.

Core holdings, however, are being fiercely defended as quite different from passive management policies and recent attempts to promote openly indexed funds managed independently have met with considerable resistance. UK fund managers still believe in their ability to produce higher investment returns than passive management entails.

Those claims, however, are coming under more and more detailed scrutiny as the practice of performance measurement becomes established.

Here too debate is heated and opposing views find fierce advocates. One fear, often expressed, is that too great concentration on short-term performance—as measured by most of the available services—could lead to poor investment tactics in terms of the long-term strategies needed to match liabilities as far ahead as 40 years.

Some of the largest funds still refuse to disclose their annual return on investment—let alone their ranking on any performance league table—for that reason.

But once again familiarity is breeding greater confidence and 1980 was remarkable both for the growth in the number of funds subjecting themselves to performance measurement and revealing the results.

Performance will assume an even greater importance in the next year or so as the accountancy bodies, together with the actuaries and the National Association of Pension Funds, work towards formal standards of accounting for pension funds and for pensions liabilities within companies.

Working parties exist on both these potential standards but deadlines for their publication keep slipping in the face of complicated problems such as the formalisation of actuarial assumptions about investment rates of return and the level of contributions needed to fund future liabilities.

It no longer seems likely that even exposure drafts will be ready by summer, but the debate continues and will increasingly be felt in pressure from employers to quantify the managers' investment performance.

Nor are these the only pressures on fund managers. The dismantling of exchange controls in October 1979 has led to a dramatic increase in the net money now being invested in overseas securities. Official figures for the outflow—£1.4bn in overseas equities in the first nine months of last year—do not fully reflect the alteration to portfolios. Most of the larger funds have doubled their overseas holdings by value in the past year.

The open door has brought with it both problems as well as advantages. Certainly international diversification further reduces risk in the overall portfolio—and the assessment of risk is another new mathematical concept with which fund managers are having to grasp. But it also increases the possibility of disastrous investment decisions because of UK managers' unfamiliarity with overseas market peculiarities.

This has in turn led to a substantial growth in the number of independent specialists offering safer and more diversified ways into new markets through unitised investment vehicles.

Cashflow itself has brought a need for rapid education in the vagaries of the money markets. The huge sums which flow into the industry as contributions and investment income must find short-term homes in cash or near-cash instruments before they are finally placed in long term investments.

Easier

The sophistication of the London money markets, and London's close links with international currency markets, make the task easier than it might otherwise be, but close attention to market rates on a daily basis is as much a concern of trustees as the fluctuations of dividends on equities.

Other newer financial instruments also need assessment and 1981 is likely to bring two of them to the fore—traded options and financial futures.

To date these have not proved particularly attractive to fund managers because of their ambiguous tax status and because they are at best marginal investment opportunities.

But in the struggle for performance, the widest possible range of investment opportunities needs to be investigated and this in turn demands an acceleration in the development of professsional skills by the present generation of fund managers.

Quick march into foreign equities

PORTFOLIO MIX

JOHN MAKINSON

UNDAUNTED BY the strength of sterling, pension funds have been marching into the foreign equity markets which, under exchange controls, amounted to a bureaucratic nightmare.

The gradual phasing out of exchange restrictions in 1979 resulted in sizeable losses for funds invested overseas, since the value of their portfolios was whittled away by the shrinking dollar premium. In the first nine months of last year, however, British financial institutions (principally pension funds and insurance companies) invested more than £1.4bn in overseas company securities. This was roughly 10 per cent more than their investment in UK equities over the same period.

The fact that pension fund liabilities are denominated overwhelmingly in sterling has clearly limited the overseas drive and in many cases strict ceilings on foreign diversification have been imposed by trustees. Yet the pension funds, which benefited last year from an exceptionally strong cash flow, clearly felt that there was ground to be made up.

Tokyo and New York were particularly attractive to the pension fund managers. In the first three quarters of last year net purchases from the UK of U.S. equities quadrupled from 1979 levels to $1.8bn. This spending spree was far overshadowed, however, by Tokyo, where London purchased a net $2bn of equities in the third quarter alone.

These figures do not accurately reflect the extent of British buying since in many cases British Banks and brokers were acting on behalf of third-country nationals, particularly OPEC countries. They do, however, give some indication of the acceleration in pension fund buying.

The general trend can be inferred from the rapid growth of some pooled pension funds, which package investments for tax-exempt investors such as corporate pension funds. Those which invest overseas attracted institutional cash like a magnet last year.

Fleming's Japanese Exempt Fund, for example, shot up in value from £11m to £70m between the end-1979 and end-1980. On a smaller scale the County American Exempt Fund increased from £6.8m to £12.5m over the same period.

In the case of funds investing both in the UK and overseas the pattern was not so uniform. The Prudential Group Investment-Linked Plan, for instance, saw the overseas equity portion of its portfolio shrink from 17 per cent to under 13 per cent between the end of 1979 and September 1980.

The decrease was particularly marked in the U.S. and the shrinkage here is borne out by other funds. Pension funds have always been heavy investors in North America and the freeing of exchange controls has enabled them to increase the weighting given to previously neglected markets such as Japan. Some have also taken the opportunity to repay foreign currency loans by realising locally held assets.

The strength of the pound has wrong-footed the fund managers and served to understate the real increase in overseas equity investment. In sterling terms only Hong Kong and Australia among the major markets provided investors with a higher gross return than did London last year. The yen was the one currency which outperformed sterling but the market's rise was much less pronounced than in the case of the UK.

In terms of the overall portfolio foreign equity investment remains fairly small beer for most pension funds. Mr. Graham Titford, manager of BP's pension fund, says that his fund has around £100m invested in foreign shares, compared with an overall current valuation of his portfolio of £900m.

The BP fund, like many others, is invested overwhelmingly in the U.S. and Japan. According to Mr. Titford, the effort and risk of buying into small markets is not justified by the return and BP has actually been reducing the number of markets where it has representation.

Some funds have been testing the water in the more volatile property and energy-based markets such as Hong Kong and Australia but many managers remain wary. They point out that pension funds are designed to offer a long-term return with the emphasis on income rather than capital appreciation.

Criteria

The same argument applies to the options and futures markets which have taken the fancy of several U.S. funds. The prevailing view in London is that while these markets can be used to provide a hedge they do not meet the standard criteria for pension fund investment.

Mr. Titford points out that he is "investing in tomorrow's income-flow. If you are buying options you are buying for a capital profit." In the case of commodities he argues that it is preferable to purchase a "commodity equity" rather than the raw material itself.

His view is borne out by Mr. George Dennis of the Post Office fund, who says: "Aggressive use of financial futures might improve our performance at the margin. But the importance will be largely peripheral—our main job is to get the macro investment picture right rather than to rush into new areas."

The funds are in any case inhibited by the ambiguous tax position surrounding investment in traded options. Pension funds rely for their privileged tax status on the Inland Revenue's perception of them as long-term "non-trading" institutions. This status could be questioned if they sought to invest in short-term trading instruments.

Opinions are divided about whether international diversification serves to reduce the volatility of a portfolio. Pension funds seem certain, however, to increase steadily the foreign component of their investments. They are unlikely to meet any opposition in this course from the government. Mr. Nigel Lawson, Financial Secretary to the Treasury, said earlier this year that there was a prudent level for overseas investment but added that it was not the government's job to establish it. That decision will rest with the individual pension fund trustees

PERCENTAGE DISTRIBUTION OF ASSETS

	Gilts	Equities	*Property	Overseas Equities	Overseas Gilts	Short-term Assets	‡Other
1975	15.4	56.7	15.7	4.4	0.3	7.4	0.1
1976	19.9	52.8	15.7	5.1	0.1	5.6	0.8
1977	21.9	52.6	17.3	3.8	0.1	4.5	−0.2
1978	21.1	47.7	17.2	4.6	0.2	4.7	4.5
1979	21.8	44.1	19.3	5.2	0.1	4.8	4.7
1980¶	22.9	42.2	18.9	6.6	0.0	4.6	4.8

‡ Industry liabilities.
* Includes property unit trusts and land, property and ground rents.
¶ Estimate for end third quarter.
NB: Figures are for end-year but they include local authority figures from end-March the following year.

FUNDS WITH OVER £200m.
(market value £m at latest balance sheet)

Post Office	2,400	Merchant Navy	475†
National Coal Board	1,490*	GLC	365
Electricity Supply	1,160*	Midland Bank	352*
British Rail	1,150	National Water Council	348
British Steel	1,100	Ford Motor	310
Airways	751	GEC	300*†
British Gas	716	Greater Manchester	299
British Petroleum	716	Strathclyde Council	267
ICI	640*	West Midlands Council	252
Universities	622	Reed Group	250
Imperial Group	615	Lucas	248
Shell	604	Vauxhall	246
NatWest Bank	595	Allied Breweries	231
Unilever	519	Rolls-Royce	226
Lloyds Bank	486	Civil Aviation	200

Research: The Fund Manager's Letter.
* 1979 balance sheet. † Estimate.

Limited recourse as yet

EUROMARKETS

PETER MONTAGNON

THE LIFTING of exchange controls in 1979 opened up new vistas for UK-based institutions. Previously it had been possible for them to invest abroad either through the expensive dollar premium pool or by financing foreign assets with money also raised outside Britain.

In a typical operation the UK institution would provide sterling finance to a foreign entity in exchange for finance in another currency. Those funds would then be used to purchase investments abroad.

Such so-called back-to-back transactions did not involve a genuine currency exposure, but with the lifting of exchange controls they became unnecessary and for the first time a genuine diversification of investment into foreign markets was possible.

But where institutions have stepped up their overseas investments most of the new funds have gone into equities. Other vehicles, and in particular the Eurodollar bond market, have been largely ignored.

This has been basically due to market conditions rather than innate conservatism—some institutions had been active in the Eurobond markets even before exchange controls were lifted, either through back-to-back financing or to invest income arising from operations carried on entirely outside the UK.

Last year was hardly an auspicious time for these institutions—or for that matter those with no experience of the market—to enter into large new commitments.

For much of the year the market was in disarray as U.S. interest rates oscillated wildly. Prime rates finished 1980 at a record peak of 21½ per cent after touching a low point of 10¾ per cent during the summer.

This led to swifter and more violent fluctuations in prices than at any time during the Eurobond market's relatively short history

Profits were still available for those able to call the turns in the interest rate constellation, but then again the risk of losses was large for those who failed.

Restrictive

Nor was the situation much better in the other major sectors of the international bond market. The Deutsche Mark foreign bond sector came under particular pressure as the Bundesbank was forced into a restrictive monetary policy by the high level of interest rates across the Atlantic.

In October Costa Rica's central bank paid a coupon of 10 per cent on a DM 50m bond issue. At such levels yields on new issues were abnormally close to those obtainable in the dollar market, but subsequently the widening interest gap between D-marks and dollars and continuing anxiety about West Germany's widening balance of payments deficit undermined the currency and from November onwards the market was virtually closed to new borrowers.

More recently there have been signs that some foreign investors have been trying to pull out of D-marks altogether as the currency weakened to DM 2.15 against the dollar.

But funds which have flown out of the D-mark, and to a certain extent also out of the Swiss franc bond market as the dollar rose, have not by and large found their way into dollar bonds.

Instead they have gone into short-term deposits on the Euromarket. Even in normal times such deposits do provide a useful parking spot for funds that are waiting for suitable opportunities elsewhere.

There is some evidence that UK institutions have been availing themselves of this facility in an increasing way. For one thing the returns are much higher at present than those available on bonds. In early February several new dollar bond issues came to the market with coupons around the 13¼ per cent mark, but at the same time six-month Eurodollar deposits were paying in excess of 16½ per cent.

Some institutions have also begun to enter into forward foreign currency commitments, again as a means of paving the way for longer term investments abroad.

This was one route chosen by the Post Office Superannuation Fund, which describes in its 1980 annual report how it used the forward markets to cover some of the foreign currency loans entered into before exchange controls were abolished.

The Fund says that in its last fiscal year net overseas assets rose to 12 per cent of its total assets from only 6 per cent immediately before the lifting of exchange controls.

This is still a very modest increase, however. Foreign currency held for settlement of transactions at end-March, 1980 was only £4m, currency held as an investment was £9.4m, while sterling held on deposit or on call was £52.1m.

As a backdrop to the institutions' new-found freedom to invest abroad must also be seen by the strength of the pound in the intervening period. For much of this time foreign money has been flowing into the gilt-edged market, which has always been a traditional favourite of the institutions.

It would hardly have been logical therefore for them to desert this market in favour of a much more volatile Euromarket. Besides, the gilt-edged market still offers investors two advantages that are not always readily obtainable elsewhere—long maturities and a very high degree of liquidity.

For these two reasons the sterling alternatives to gilts do not necessarily offer immediate attractions. Sterling Eurobonds tend to be of shorter maturities than gilts, while the new-found "bulldog" market in domestic sterling bonds issued by non-residents is still very thin.

There have only been two such issues to date. While they pay a premium over comparable gilt-edged maturities they are not so easy to trade in the market. For these, as for the other vehicles newly available to institutional investors, it is not just a question of having new freedom; it is also one of knowing the right time to exercise that freedom.

OVERSEAS ASSETS
(£m.)

	Equities	Government Securities
1975	632	38
1976	918	15
1977	955	14
1978	1,430	59
1979	1,789	43
1980*	2,529	11

* Estimate for end 3 quarters.

PENSION FUND INVESTMENT III

Dominant force behind the market

PROPERTY

MICHAEL CASSELL

THE PENSION funds have become one of the dominant forces behind the UK property investment market. Their conversion from interested observers or occasional participants into an integral part of the UK property investment and development scene is now complete and their continuing presence seems equally certain.

Since the war property has increasingly provided the financial institutions with the chance to secure assets capable of generating long-term growth in real income. But it is in the past few years that they have come to lead rather than merely play a back seat role in the property market.

In percentage and cash terms the superannuation funds have become the major force in this field, albeit by far the largest proportion of the created property portfolios is already in the hands of the insurance companies.

Figures for the whole of 1980 are not yet available but last year appears to have been a particularly active period for institutional property investment, despite the scarcity of top quality properties and some less than satisfactory prospects for short-term returns.

Awareness

For the pension funds, however, property investment is not designed as a short-term expedient and an increasing awareness of its benefits as an investment medium for what is essentially a very long-term business has resulted in their growing involvement in the property sector.

Latest figures show that in the first nine months of 1980 the insurance companies, pension funds and unit trusts invested £1.31bn in property and land, compared to £1.33bn in the whole of 1979. Of the nine-month total, the pension funds accounted for £602m of all investments.

It was during the 1960s that the institutions generally first began to appreciate fully the advantages—when set against their more traditional property involvement via fixed interest mortgages—of direct property investment. Though initial yields on commercial property may invariably appear unfavourably low, sustained rental growth in the form of regular rent reviews can give the institutions an appreciating income stream over the life of the property as well as substantially enhanced capital values.

The property crash of the early 1970s was instrumental in bringing the funds to the front of the UK property stage. Many companies in which the institutions had started to take substantial holdings fell victim to a combination of Government expansionist monetary policy and recession. It was the insurance companies and pension funds which emerged as the major beneficiaries—restoring the property sector's solvency by purchasing well over £2bn of prime property at favourable prices.

The steady penetration has taken place against a background in which property has generally managed to generate better long-term growth than the main investment alternatives—equities and long-term Government stocks.

Assuming an average 10 per cent per annum rental growth, which is less than the 12 per cent achieved by London offices over the last two decades, the equated yields from office property have averaged between 13 per cent and 15 per cent since the early 1960s. Performances like these were very favourable in the early part of this period, with inflation low, gilts showing returns as low as 6 per cent and the return on equities below 10 per cent, even allowing for dividend growth.

Inflation and high interest rates during the 1970s substantially narrowed the gap between property yields and gilts and since the big increases in interest rates in 1973-74 the return on gilts has ranged around 12-14 per cent compared with equated office yields of 14-16 per cent. Allowing for a 2 per cent risk premium on property, these returns are fairly comparable, but significantly higher than the continuing equated yields of 10 per cent on equities.

But although the real returns from property in relation to gilts have declined markedly in recent years, investment demand has continued to expand. The weight of demand, which in some sectors far outpaces the available supply of acceptable properties, pushed down initial office yields from an average of over 6½ per cent in the 1960s to less than 5½ per cent in the 1970s. Prime office yields now stand at about 4¼ per cent. Only the successive shortening of rent review periods, from 21 years or more at the start of the 1960s to the current five-year norm, has maintained real income returns from office investment in the face of the fall in initial yields.

The relative shortage of prime property in preferred locations, with London the inevitable centre of attraction, has encouraged the institutions to broaden their investment criteria. While they still confine their interest to prime space, they have nevertheless increasingly diversified into provincial centres and into a wider range of accommodation types.

The funds have recently become increasingly involved in retail space—with yields, despite the bleak performance and poor outlook for the retail trade, down to well under 4 per cent—and industrial space, where a big increase in supply has coincided with the recession and pushed up prime yields to around 6.5 per cent.

But the institutions have not only widened their horizons in terms of the definition of an acceptable property investment; they have changed the manner in which they participate. From taking a stake in property via holdings in property investment and development companies, many of the funds are now not only heavily involved in the purchase of standing property investments but have undergone the transformation into fully fledged developers in their own right.

PROPERTY ASSETS*
(£m)

1975	2,273
1976	2,833
1977	4,316
1978	5,352
1979	6,651
1980†	7,285

* Including property unit trusts and land, property and ground rents.

† Estimate to end-September.

The attraction of doing what they were once usually happy to leave to the property entrepreneurs lies in the ability to retain fully the development profits which had previously been shared with the property companies. With huge resources at their disposal and a wish to push a sizeable percentage of investment funds into property, the pension funds now can and do undertake planning, funding and construction of new schemes to the extent that a direct development programme has in many cases eclipsed the type of joint venture which characterised their early entry into property development.

Some very successful property company/institutional partnerships remain, but it is hardly surprising that a number of companies with the property sector regard the emergence of funds as competitors with misgivings or even open suspicion.

Separation

The clear separation of the roles of the long-term investor and the recognised developer is regarded in some circles as the best way for the property industry to operate. The ideal, they say, involves the institutions associating with developers who can properly evaluate the costs inherent in planning delays and in other time-consuming problems, rather than entering into large and complicated projects which could entail unnecessary risks.

Under such an arrangement, claim its supporters, the institution should clearly define its maximum threshold of risk and the developer should evaluate the project and determine not only that the institution's requirements can be met but that these requirements can be improved to their mutual benefit.

Some of the institutions suggest that their recent track record disproves the theory that the assistance of the traditional developer is required and point out that they have enlisted advisors or in-house personnel capable of tackling the most challenging of development projects.

The present state of the investment market in the UK represents something of a puzzle. Despite the current problems, investors are clearly prepared to look well beyond the present recession and there is little doubt in the minds of most analysts that this is the result more of the weight of institutional money than to shorter term rental prospects.

Many fund managers are quite simply still not able to acquire property on a scale sufficiently large to satisfy present requirements and it seems likely, therefore, that although total returns in the shorter term may fall short of the return on gilts, most institutions will continue to invest a large proportion of their funds in property—given the opportunity.

The scarcity of investment opportunities in the UK is one of the principal reasons behind the funds' increasing readiness to go overseas. At the end of 1979, following the abolition of exchange controls, there was considerable speculation as to the volume of funds which could flow overseas but in the event, while there has been a build-up of overseas interest, the pace has generally been steady.

In a recent investment report Richard Ellis, the UK agents, said that as the individual size of superannuation funds grew over the next few years, overseas investment would—despite the inherent problems involved—become an increasingly important part of their property portfolio to the point that in the late 1980s it would be considered as a fifth category of investment alongside shops, offices, warehouses and agriculture.

The next few years are also likely to see growing numbers of smaller pension funds entering the property investment market. Already the main competitive market includes several hundred investors, mostly pension funds, which spend between £1m and £10m a year on property in lots of £250,000 to £3m each.

Whichever way the investment market in property develops over the next few years there remains a general belief that the sector's good performance in relation to inflation over the last 20 years is likely to continue and that its role in the composition of the average fund's investment portfolio should be preserved or even upgraded.

Handling the money book

CASH INFLOWS

CHRISTINE MOIR

ACCORDING TO one estimate the pension fund movement will grow by more than £11bn this year. The figure is subject to considerable fluctuation, and the level of redundancies, plant closures and company collapses will make inroads into it. Nevertheless it indicates the importance of one of the unsung backroom activities of investment offices—cash management.

Part of the overall growth of the movement will be by way of capital appreciation but an element as large, if not larger, will be income—from both investments and contributions. This element, however swiftly reinvested, initially passes through a fund's money management books as "cash awaiting investment."

The Post Office pension funds, for instance, took in £479m in the year to last March from investment income and contributions. At the end of the year the balance sheet showed that cash and short-term marketable securities amounted to 7 per cent of the £2.4bn market value.

Most funds can expect to be as much as 10 per cent liquid at intervals during a year; more if a deliberate decision has been taken to sell out of a longer-term sector (say gilts) for a period in order to take up temporary cash positions.

Cash management is therefore clearly an important function of pension fund investment.

For all the size of the cash flow, however, the pension funds' cash investment barely makes a dent in the money markets. Unlike the securities and gilt-edged markets where the movements of the funds can be visibly tracked in the corresponding volatility of stocks, in the money markets the funds leave no trace.

The size and flexibility of the London money markets is the main reason for this. The pension funds are rarely forced into the narrower sections of the market—local authority loans, for instance—by lack of other opportunities. They may enter them by choice, of course, but not if the weight of their money will move the market adversely.

Nor are they constrained to operate through a few middle men. The money brokers seem to play only a small role in placing pension fund short-term money. Close direct contact can be made with the main banks—both local and the 400 or so overseas banks operating in London — and with discount houses.

SHORT-TERM ASSETS
(£m end-year)

	Total	Cash	Certificates of deposit	Local authority bills and temporary money	Other financial institutions	Other
1975	1,066	434	56	472	78	26
1976	1,011	497	56	286	50	122
1977	1,118	578	27	216	112	185
1978	1,470	733	74	433	77	153
1979	1,636	694	89	504	82	267
1980†	1,779	832	111	516	90	230

† Estimate to end-September.

The sophistication and size of the main deposit markets—"call," overnight and seven-day bank money, for instance, and the local authority counterparts—have been the main factor dissuading most pension funds from the riskier second-line, short-term financial instruments markets such as bills and certificates of deposit. Many fund managers feel there is simply no need to deploy the extra management time and risk involved in the second-tier markets when the deposit markets are so flexible and liquid.

Pension funds invest to meet liabilities 40 years or so in the future. Wringing the last eighth of a point out of short-term investments and cash is not, therefore, seen as a high priority. Having total flexibility to cash in such instruments in order to buy—say—a long-term yielding property the moment it becomes available is.

This is one of the lures cast by the merchant banks seeking to land pension fund management accounts. Several of them offer seven-day rates on funds' deposits with the bank but waive the seven-day withdrawal notice.

The rate available through the bank deposit market, however, can sometimes look unattractive even given its security and liquidity. The Government's recent "corset" on the banks was a case in point. In their attempt to squeeze round and out of the corset banks resorted to considerably more lending by way of commercial bills than usual. Needless to say coupons on bills rose as activity increased.

Some funds regard bills and certificates of deposit — two of the second-line instruments — as virtually equitable with bank deposits. The argument is that they are invariably liquid in a market the size of London and in practice fully discounted in their yield any element of capital value volatility.

The investment strategies of some funds actually prohibit dealing in money market instruments. Such funds certainly exclude deposits — term or "call" — with such less than Triple A covenants as hire purchase companies.

One new area, however, where a more robust attitude is becoming acceptable is on the uncalled portion of money set aside for a "partly paid" gilt-edged issue.

Few funds seem to act as private investors do on a partly paid stock — finding only the initial instalment out of current funds. Instead they put aside the whole sum on the first "call." However, the residue is surplus to immediate requirements and can be employed in the money markets to some purpose if the allocation is, say, £10m of which £5.7m is uncalled.

Another indication of the balance between conservatism and aggression played by the more sophisticated funds is indicated by the low level of Treasury bills held. The Bank of England guarantees to buy such bills — thus providing them with a degree of liquidity little short of pound notes. But the yield, as one money book manager says, "is awful."

Among the smaller funds cash management probably leaves a lot to be desired. There are not a few examples of funds with an income of £1m or more which still gladden their bankers' hearts with large current accounts. Higher up the scale conservatism probably deprives some funds of a point or so, which might have improved overall performance at the margin. But this arises from policy rather than by default.

PENSION FUND INVESTMENT IV

Balanced approach to a standing option

SHARES v. ASSETS

RAY MAUGHAN

PRUDENTIAL ASSURANCE took a major policy decision last year which culminated in the sale of the bulk of its stake in MEPC, one of the largest property companies, in order to *concentrate more on investment* in physical property assets. The decision highlights an option open to most managers of large funds; in certain classes of investment, property for example, they have the choice of investing in shares or buying the underlying assets. In nearly every instance fund managers opt for a mixture of both at the moment but the Pru has chosen to put most of its main funds directly into bricks and mortar.

The purchase of investment trust shares offers a wide spread of securities in a very marketable form, usually at a discount on the value of the underlying assets. The purchase of a block of offices, by contrast, is a narrow commitment. In addition, it commits the investor to an imperfect market mechanism in which comparative performance analysis is inexact and where a wide spread of risk cannot readily be achieved.

The larger property companies, on the other hand, resemble investment trusts in that they offer a broadly based portfolio in an easily marketable state. It is no coincidence that the biggest property group is titled Land Securities Investment Trust. Its shares are heavily traded and, although they have helped to set the tone for a very firm property sector recently, they still stand at a discount of around a fifth to net worth.

The property share sector is one of the larger components of the market by capitalisation but apart from say, the top six companies (one of which is still making losses after very heavy interest charges and thus paying no dividends) most shares are *tightly held* and rarely dealt in sufficient volume to attract consistent support from a sizeable pension fund.

This may well have been one of the influences behind the Pru's policy decision but the reasons for the share disposals look rather more fundamental.

It sold 7.5m shares in MEPC, which represented the whole of its holdings in the main life funds—although the Pru has maintained about 1m shares in the company through its other funds. The move was timed to catch the property share market near a peak but, other than a big stake in Land Securities and the shares held by some of the smaller funds, the Pru is now solely committed to direct property investment.

Generally, this would comprise purchases of completed premises for the Vanburgh funds, for example, and major developments for the life funds. The assurance company's equity department would, of course, be entirely free to look at property shares but this would be designed to enhance trading performance and would not necessarily indicate a long-term move back into this type of security.

Attractions

The focus of pension fund investment in property is shifting to and fro all the time, but for the moment it seems that other managements have not followed the Pru quite so far down the direct investment road, if at all. Other funds still appear to be convinced by the attractions of big discounts, the gearing element inherent in all quoted property stocks, the opportunities to exploit temporary under-valuations and perhaps the view on interest rates which the sensitivity of property shares typically offers.

In a very broad sense the decision to hold physical assets where this option is open turns the case for investment trusts on its head.

The funds are also strong supporters of investment trusts. *The discount is naturally the* chief incentive, though this could diminish if the trusts take advantage of the new provisions in the forthcoming Companies Bill, which will allow them to buy in excess shares in the market.

Other forms of investment offer the choice of stock market purchases or a position in the underlying asset. Gold, after its long bull run last year, has stimulated a lot of thought on the part of fund managers.

The recent sharp shake-out in the price of bullion has *probably put consideration of* direct investment back to the bottom of the pending tray. In several cases, too, the parameters of the trust deed preclude investment in non-income producing assets. Other funds have no "theological" objections to holding the yellow metal but have pulled back from the brink. A typical response to the question is that the mining finance houses expertise still offers the best avenue for investment.

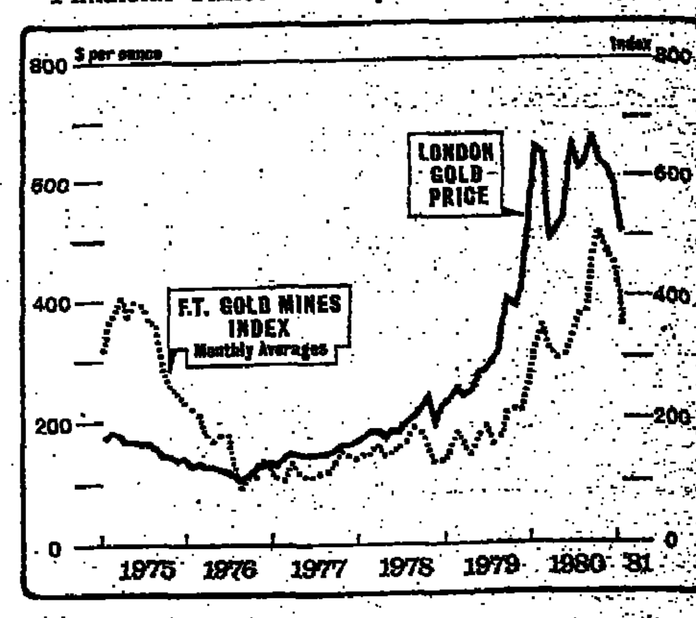
Much the same kind of consideration surrounds a direct investment in commodities. The cycles in most major commodities are extremely pronounced and the rewards for the fleet of foot can be very high. Commodities, too, are easy to *trade. Against that, they pro*duce no income and must be seen as a short-term speculation while the funds are buying a stream of income over the long term.

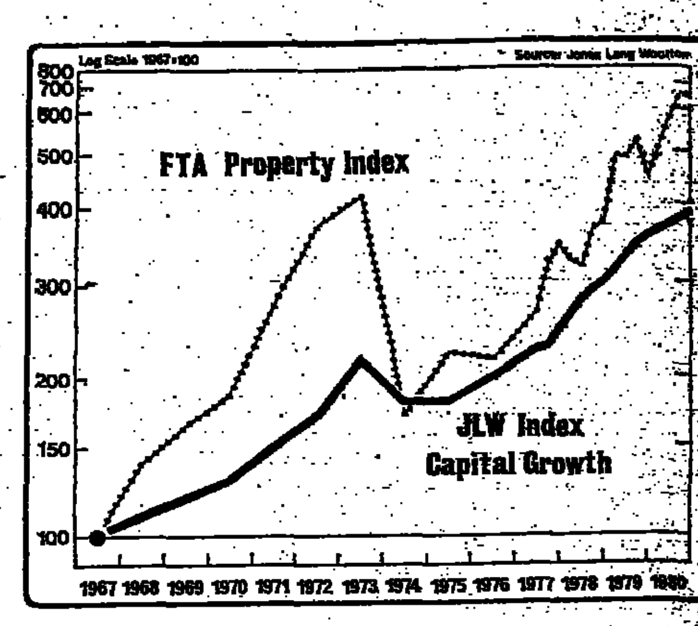
Again, the general feeling seems to be that the specialist commodity brokers are best left to deal directly in their particular markets and should anyway, be seen as an essential part of the market mechanism as buyers, handlers, shippers and sellers of raw materials.

The specialist funds will of course take a different tack but it is reasonably clear that the only direct investment option open to general funds is property—and even then one to be pursued only by the larger funds which can make proportionately heavy commitments to the purchase and development of a broadly spread property portfolio.

The Pru has made its decision and will add to its already large developments and completed sites. It is interesting, though, that its smaller funds do not have this choice and, depending on market opportunities, will remain actively engaged in property share investment.

It is equally interesting that it took up its entitlement in the Land Securities rights issue and thus maintains its large stake in that company. The close links it has with Land Securities and the high quality central London portfolio this holding offers point to the enduring qualities of indirect investment in this sector. The choice that the Pru has made is by no means clear-cut. Other funds may change the emphasis of their approach but it would be very surprising if they did not maintain some sort of balance between shares and property holdings.





Formidable obstacles on path to agreement

ACCOUNTING

CHRISTINE MOIR

THE ISSUE of pension fund managers' *accountability*—the efficacy of existing Trust Law and the question of statutory supervision—may have been shelved for the moment but the study of pension funds' *accounting* problems gathers pace.

A joint National Association of Pension Funds (NAPF)/Accounting Standards Committee (ASC) panel is at work on the presentation of pension fund accounts at the moment. By the summer, it is hoped, a discussion paper should have been prepared. Eventually a formal Accounting Standard for Pension Fund Accounts may be endorsed by both the NAPF and the accountancy bodies. But that is a long way off.

Some of the problems to be solved before such a standard can be introduced are formidable in the extreme and will need to involve unusual co-operation between disparate professional groups.

Mr. Charles Sleigh, chairman of the NAPF/ASC panel, and senior partner of Thornton Baker, the Edinburgh accounting firm, pinpoints three distinct elements in pension fund accounts, each of which involves headaches.

- The trustees' report—like the chairman's statement to shareholders;
- The accounts themselves—the flow of funds' statement and the balance sheet;
- The actuarial report—which has no parallel in company reporting.

Disclosure

The trustees' report, he notes, *presents problems of disclosure*, particularly of the different elements of the fund's investment portfolio and the overall performance of the portfolio.

The actuarial report probably presents the greatest difficulties. On it depends the level of contributions required from the employer and employees to meet potential liabilities in a very distant future. Yet actuarial practice is as much an art as a science of long-term prediction and there are significant differences in the assumptions made by different practitioners. Laying down an acceptable "*best practice*" *may prove well*-nigh impossible.

The middle element — the accounts themselves — is likely to present the fewest problems to the accounting standard group, Mr. Sleigh thinks. Nevertheless there are practical difficulties in achieving the degree of book keeping accuracy needed to guarantee accounts *which reflect "a true and fair* view" of the state of a pension fund.

Common practice and the development of acceptable minima are progressing at different rates for each of the three elements.

So far as the trustee's report is concerned, the NAPF made an important start at its annual meeting last year when it overwhelmingly adopted a Code of Practice for disclosure of information to members.

The price of assent to the Code, however, was lack of detail. For instance, trustees are recommended to disclose to members sufficient details of the investment portfolio to give a reasonable picture of the managers' *strategy—but there is no* guidance of how detailed the breakdown should be.

This is a critical area. Until the 1979/80 accounts members of the Electricity Supply pension funds, for instance, were not told that they had any exposure to unquoted securities, let alone that in one particular investment the funds had written off a £16m equity investment and still had another £33m of loans or guarantees outstanding to the company.

There is as yet little consensus developing over the degree to which disclosure of individual investments should *go, or how finely differentiated* the various investment sectors should be defined.

Rudimentary

*Even more problematic, how*ever, is the question of performance. Members' prime interest in the investment portfolio is in how it performs; some trustees incorporate a rudimentary statement of performance in their report.

The very question of performance statements, however, is currently hotly debated and some of the most influential fund managers still refuse to quantify annual or even quinquennial performance on the grounds that it is an inappropriately short-term yardstick for *essentially long-term holdings*.

There is also an acute problem involved in creating a visibly objective measure of property performance—and property investments account for an average of 20 per cent of pension funds' total portfolios.

A number of professional bodies and estate agents have been attempting to develop an acceptable basis for property measurement. Several services are available to fund managers which differ radically from each other but tend to fall into one or three types:

- an index based on a theoretical property portfolio;
- an aggregate comparison, whereby the actual performances of the present property portfolios of different funds are compared with each other;
- a share-price parallel, whereby performance is measured against the offer prices of property unit trusts.

Each theory has its advocates and its loud-voiced detractors. Consensus is a long way off.

The problems of property aside, there are greater signs of consensus developing over the measurement of the performance of the rest of a typical pension fund portfolio and most of the bodies offering such services have sufficient data available now to produce a *10-year performance record* which helps to put into context a single year's fluctuation.

Before performance can be measured, however, the book-keeping which throws up the performance rate must be accurate and this creates special problems in investment accounting. In the main these arise because of the large numbers *of transactions in the average* investment portfolio, the daily fluctuations between cost and market value, the manner in which payment is made for quoted investments, and the source and frequency of income.

For all but the smallest funds keeping track of these elements suggests recourse to computerisation but, until recently, computer specialists have struggled in vain to create programmes suited to the particular needs of investment accounting.

There *are now three groups* offering such programmes—stockbroker Wood Mackenzie; Extel Computing, part of the Exchange Telegraph group; and DataStream, the computer research bureau jointly owned by a number of brokers.

While the three services differ in style and application, they have in common a tripartite approach to book-keeping for pension funds.

Pension funds require first, a ledger on which details of all holdings are entered and updated, and from which valuations are derived by reference to a master list of market prices of securities.

The second element—which has created most problems for the computers—is an income tracker. This ledger keeps track of all dividend and interest income, received and receivable, and tax recoverable on income paid "net." Potentially, it should alert funds to *discrepancies (where dividends* are overdue or unpaid, for example). This has been a major problem for large and active funds in the past.

The third ledger keeps account of payments made or due to be made to brokers and other creditors. Owing to the intricacies of settlement procedures on the stock market (further complicated in these days of internationalism by different practices on other markets) it is difficult to maintain adequate checks on payment by manual means.

Computerised account books are now possible for the quoted elements of a pension fund portfolio, but there still arise problems in accounting for property (though here too major estate agents such as Jones Lang Wootton and Richard Ellis can maintain a holding ledger which reveals dates when rent reviews and payments fall due). There is also the separate problem when consolidating into the overall accounts unlisted securities whose values are subjective.

These problems however, pale into insignificance before the difficulties surrounding the actuarial report. The largest *single income element in most* funds at their present state of maturity is the employer's contribution. That is based on the actuary's assumption of the sums needed to secure a given future pension (allowing for both prices and salaries inflation) after deducting the income generated from existing investments.

Major differences of opinion exist within the profession over each of these elements, although this article is not the place for detailed consideration of the problems. Suffice it to say that the difference between assuming a positive rate of return on investments of 1 per cent and a negative return of the same level could mean the difference between a contribution of 27 per cent of total salary and 48 per cent on the most conservative assessment of projected liabilities. This could drop as low as 25 per cent, however, if assumptions are made only on liabilities which have accrued through past service.

With so much at stake and given the complexity of the mathematics involved it is no wonder that the NAPF/ASC panel struggling with the presentation of accounts does not expect to formulate an acceptable standard for a long while yet.

Debate about strategies

INDEXING

BARRY RILEY

WELLS FARGO'S formal launch last autumn of its UK Index Fund has so far attracted a less than overwhelming response. The fund is still only on the drawing board, although "advanced" discussions are being held with several potential clients. Yet Wells Fargo's London marketing chief, Mr. Garry Hewitt remains optimistic, pointing out that in the U.S., too, index funds were slow to become established (the group won its first index client in 1971) but the concept has since taken off in a big way.

Investment funds totalling more than $12bn are now indexed in the U.S., of which Wells Fargo manages over $4bn. Early controversies about whether indexing makes sense, and can actually be made to work, have now been partly replaced by a debate about the inter-relationship of active and passive strategies, and how both can be used simultaneously in the management of large institutional portfolios.

In this country fund management strategies have also changed substantially over the past decade. There is fierce resistance to the adoption of formal techniques of indexation, but at the same time many big funds appear to have adopted the "core holdings" philosophy whereby investments in key companies and sectors are held passively—that is, not normally traded.

Thus the British Airways pension fund, for example, has a substantial passive core and the recent Post Office fund annual report revealed that the equity fund had been split, with a core holdings manager being appointed to look after the passive section. It is much harder to track down funds which are formally indexed, although the Mars pension fund has been restructured on these lines.

There are various reasons for the growth of passive philosophies, most of which boil down to theories of the general inability of fund managers to beat the indices consistently over the kind of extended period that is relevant to pension funds. Thus statistics produced by consulting actuaries Bacon and Woodrow suggest that the median pension fund underperformed the All-Share Index by an average annual margin of 1.3 per cent during the 1970s.

Fund managers can aim to outperform the indices in two ways. They can adopt a "market timing" approach whereby the liquidity of the fund is built up near suspected market peaks, but the fund is fully invested when it is believed the market is low. They can also adopt the stock selection approach, switching between individual shares or sectors to anticipate relative strength or weakness within the context of the market as a whole.

So many reputations were destroyed in 1975, when liquid funds scrambled desperately to get back into a soaring equity market, that in recent years market timing has been regarded as too risky an approach (though great thought still goes into the balance between gilt-edged and equity portfolios).

As for stock selection, plainly the results have in general been disappointing. The costs of dealing in equities in London are high, partly because of stamp duty as well as the relatively high level of commissions fixed by the Stock Exchange, and it would seem that measured performances give credence to the efficient markets hypothesis.

Accurately

This states, roughly, that the market prices of widely held, actively traded shares accurately reflect all known information and so it is not possible—except by chance—to switch profitably. Managers can only hope to outperform by using an active management strategy if they possess exceptional expertise or knowledge, or alternatively if they stick to particular sectors—small companies, say—where the market may in fact be inefficient.

Through applications of modern portfolio theory, statistical methods have been developed to test whether above average returns have been achieved by the taking of above average risks—in which case, so the theory runs, they are unlikely to be sustained in the future. Though such methods are still controversial, it is claimed to be possible to establish whether conventionally run portfolios, for which the managers charge normal fees, are so widely diversified that they cannot diverge greatly from the performance of the market as a whole.

Several risk measurement services are now established in the UK. If it can be shown that the specific risk attached to individual shares is diversified away almost to zero, while the market risk of the portfolio approximates to that of the market as a whole (in the jargon, beta equals 1.00) then the fund manager can be said to be a "closet indexer." His fund is then a candidate for full indexation, with much lower costs.

The main attraction would be in cutting out unrewarding switching transactions. Many fund managers have a vested interest in high levels of turnover; stockbrokers gain all their income this way in many cases, while merchant banks, too, often cream off a slice of the commissions.

Wells Fargo has claimed that the annual transaction costs of the typical UK pension fund amount to 1.2 per cent of the portfolio, whereas its own index fund would suffer corresponding expenses of only 0.14 per cent. Its direct management fees would not initially be lower than for conventional merchant bank management, though its experience in the U.S. shows they could be brought down sharply when there were large sums in the index fund.

The contention of Wells Fargo is that on the basis of past experience the index fund—matched to the All-Share Index—would outperform the conventional pension fund by just over 1 per cent a year on average.

It suggests that its U.S. experience proves its ability to track the index very closely, at least when substantial funds have built up. Apart from the early days in the U.S., when imperfect sampling techniques were used, the variance has been minimal. In 1980 the U.S. Index Fund achieved a return of 32.50 per cent against 32.39 per cent on the Standard and Poors 500 Index, while for January 1981 the figures were minus 4.37 and minus 4.38 per cent respectively.

Wells Fargo's attacks on conventional UK pension fund managers have not, however, gone unchallenged. It is claimed, for instance, that during the 1970s pension funds found it had to gain their full exposure to BP because although the whole market capitalisation of BP was reflected in the All-Share Index, for most of the time half or more of the company was locked up in the holdings of the Government. Since BP substantially outperformed the Index, of which it represented a significant percentage, investors necessarily had to underperform.

It is also claimed that Wells Fargo is misusing the Bacon and Woodrow statistics. These do not allow for the inevitable transaction costs which arise from the investment of new money inflows, and these would be borne by the hypothetical index fund as well as the actual measured conventional funds.

For many funds, inflows are commonly as much as 15 per cent of the existing portfolio. This could lead to costs of the order of 0.5 to 1.0 per cent—that is, the bulk of the superior performance claimed for the index fund.

Mr. Garry Hewitt, however, describes such objections as "grasping for straws." The Index Fund will aim for a full weight of all 750 constituents in the All-Share, including large and small, and those like BP or STC which have large non-traded shareholdings. He also claims that of the 2.8 percentage points by which the medium fund underperformed the All-Share in 1979 (the last full year for which B and W statistics are available) input transactions costs only accounted for about 0.7 points.

But he still has to sign up his first client.

Selective view of candidates

HELP FOR SMALL COMPANIES

ANDREW FISHER

SMALL COMPANIES can hardly complain of being unseen or ignored these days, even though their financial plight may often be as sticky as the rest of British industry. The Government has clearly decided that small businesses need more help and attention, a view encouraged by the interim conclusions of the Wilson Committee on financial institutions.

The problem lies in seeing that enough of the vast resources of the City and its financial institutions end up at the smaller end of industry rather than being channelled into traditional equity and fixed-interest investments. Some pension funds are acutely aware that small companies need seeking out, nurturing and monitoring. Others are less convinced that "small is beautiful."

Despite the proliferation of small companies in the UK, finding the right ones to invest in is not as easy as it may sound. "The best unquoted companies are very well known," says Mr. John Evans, investment manager of the Industrial and Commercial Finance Corporation (ICFC). "There is so much money chasing so few companies."

He adds, moreover, that it is all too easy to have a picture of little firms growing big, the sort of investment everyone is looking out for. "It happens very seldom." An added difficulty is that small companies are usually not too willing to relinquish too much control to those wishing to invest in them, even if the business would clearly benefit.

Yet the various exhortations to sink more money into the lesser end of industry have had an effect. Numerous specialist funds have been set up, backed by banks, investment trusts, insurance companies and pension funds. Lending money to managers to buy out their own operations from parent companies is also becoming commoner.

Clearly, the strong political impetus behind investment in small companies has influenced the pension funds, especially those in the public sector. But the sums of money going directly into this sector are still minute compared with the overall funds available. Is this because of an innate reluctance to invest in companies whose profits are not numbered in millions, or because it takes time to search out the right investments and build up an adequate portfolio?

Experience

One point made by the Wilson Committee's report last year was that investment managers in pension funds or insurance companies rarely had line management experience in industry. "Nor do they often gain experience of industry by sitting on industrial boards," it stated. In other countries this was not the case.

Mr. Hugh Jenkins, investment manager of the National Coal Board's pension fund, sees direct investment as one way of becoming more aware of industry's problems and achieving greater involvement. At the same time, he points out, "the success ratio [in small company investment] is lower than in any other type of venture."

For a major pension fund like the NCB's, putting money into small firms is rather like looking down the wrong end of a telescope. An investment of around £250,000 is the least it can cope with on its own. For anything smaller, it relies on the operations of specialised funds such as Thompson Clive Capital Growth. Here, the NCB fund has 45 per cent of the equity, Thompson Clive's task being to invest in companies needing less than £100,000.

The NCB fund is also one of the backers of Lovat Enterprise Fund, established last summer by Mr. M. J. H. Nightingale, the investment banker and over-the-counter specialist, to direct money into private companies. As with most similar funds, Lovat will invest in three or four situations a year, with the selected companies having taxable profits of up to £350,000.

Unlike some pension funds, however, the NCB has also made its own forays into the field of direct investment. It has put money into Goldcrest Films and taken part in an early management buy-out at Atcost, the concrete frame building company left stranded in the mid-1970s by the collapse of its owner, property magnate, Mr. Ronald Lyon.

As well as looking for new investment opportunities in the high technology field—"there are too few companies involved in new technology"—Mr. Jenkins is aware of the need to find out which businesses in traditional industry are adapting to changed economic conditions.

The NCB pension fund has for some years had the broad objective of investing some 15 per cent of its cash flow in direct finance for industry. This year, Mr. Jenkins reckons this level will be achieved, involving over £40m.

Essential

Included in the total will be the NCB fund's investment in project financing, which it regards as an essential area of direct investment. "Industry will be in a very lean and hungry state when it come out of the recession," says Mr. Jenkins. "More than ever, it will be willing to look at imaginative financing." And as interest rates come down, the openings will be even greater.

One vehicle which has decided to set its sights rather higher after investing initially at a modest level is Moracrest, owned by the British Gas pension fund, Midland Bank and the Prudential. Last year, its third, Moracrest invested nearly £1.8m, with a further £790,000 since the year-end bringing the total up to £5.8m.

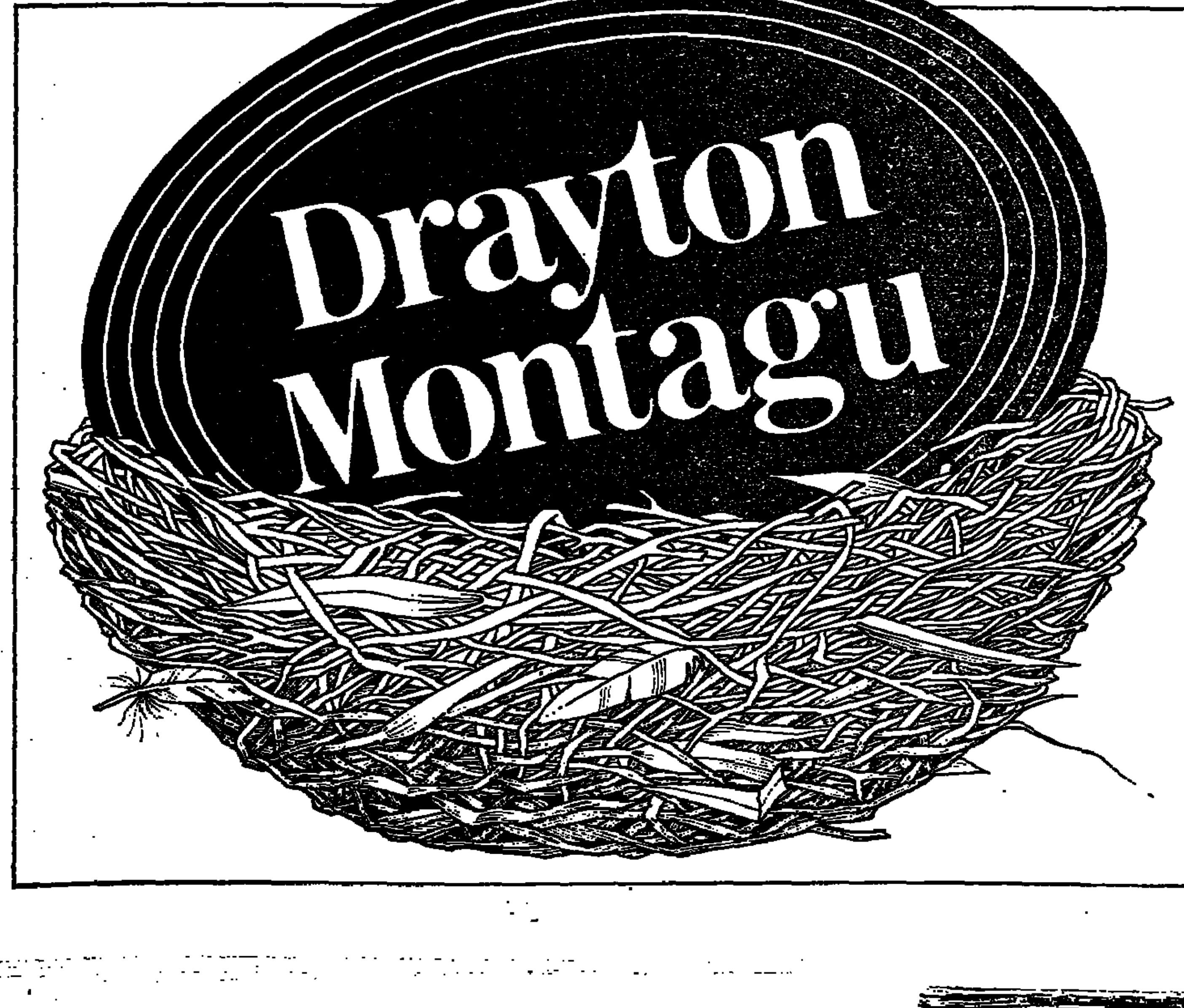
At first Moracrest had an approximate upper limit for investment of £500,000. But it is now looking at prospects around the £1m mark, and reports an encouraging number of potential new investments which could double its portfolio within 18 months to two years. Alongside Moracrest stands Meritor, jointly owned by Midland and the Rolls-Royce Pension Trust; the idea here is to put up to £250,000 in suitable private companies.

In all cases, Moracrest has a nominee director on the board of its investments, emphasising the close attention that has to be paid to the progress, needs and ambitions of such small companies. With the higher investment limit, it will now be able to look at the increasingly fashionable area of management buy-outs.

Last September, several investment institutions, including the BP and British Rail pension funds, joined in forming Candover Investments to finance managers wishing to buy into the businesses they operate. Mr. Roger Brooke, once a director of S. Pearson and group managing director of EMI before it was swallowed up by Thorn, says pension funds do not appear basically reluctant to invest directly in smaller concerns.

Some funds, though, have stricter procedures for approving investments in unquoted companies. Since the latter are not subject to full Stock Exchange exposure and publicity, fund trustees often want clearer evidence that the company is worth putting money into.

Whether through the persuasion of the Wilson Committee, the goadings of the Government, or their own convictions, pension funds have become attuned to the notion of direct investment in smaller companies. Set against the billions of pounds they have to invest each year, though, the actual commitment remains tiny.



LOMBARD

The strange saga of sterling

BY PETER RIDDELL

THE REAL danger about sterling is that the Government will do too much rather than too little. Governments of both parties have tended to react to economic problems, with infallibly wrong timing, just when the trend is anyway beginning to change.

This may seem paradoxical to industrialists but it is all rather a strange saga. What has happened is not that people's views have changed dramatically but that the pressures have mounted and the consensus, as reflected in the views of Mrs. Thatcher, has shifted. It was not very long ago that the Prime Minister welcomed the appreciation because of its help in the battle against inflation.

MLR cut

The mood changed last summer. Big companies began to report poor results showing the effects of the pound on export profit margins. And industrialists were not slow to warn Mrs. Thatcher of the damage being done. The chorus mounted during the autumn as sterling rose. The possibility of some action, including controls on inflows of capital into London, was considered before the November 24 statement. But action was rejected and the hope was that the cut in MLR would ease the pressure. After a brief pause, however, the pound started to rise strongly again.

At this point a new actor appeared in the shape of Professor Alan Walters, who in January became the Prime Minister's personal economic adviser. Judging by his past work the Professor had been expected to favour a strict interpretation of monetary discipline. Instead he turns out to be the advocate of a relaxation of monetary policy in order to lower sterling.

A further twist has come from the intervention of Professor Jurg Niehans of Bern University and the predecessor of Professor Walters in the chair of Political Economy at Johns Hopkins University in the U.S. In a specially commissioned private study, Professor Niehans has developed his theory of "overshooting" (also set out in the January 1981 issue of the Journal of Monetary Economics). This rests on the view that exchange rates react quickly to changes in monetary conditions while prices and wages change more slowly. The conclusion drawn by both professors is that the strength of sterling shows that monetary conditions have been tight in the UK, rather than lax as implied by the Sterling M3 figures.

These views have, however, been disputed by economists of various kinds, including fellow Swiss narrow-money watchers such as Professor Karl Brunner and the Treasury monetarists. The implication that interest rates should therefore be cut has nevertheless been seized upon by a variety of groups who want to see a lower pound, for whatever reason. The groups include the ex-businessmen advisers in Downing Street and some Bank of England officials who would like a formal exchange rate target such as the European Monetary System.

The result is likely to be a large cut in MLR in the Budget, though the move will probably be presented as a response to the depressed state of the economy and to the high level of real interest rates. A big enough cut—two, three or even four points—might well affect sterling. But the pound is already starting to weaken: it is about 15 cents below its autumn peak against the dollar and the trade-weighted index dropped by 2 per cent last week.

The danger is that a large cut in MLR now would weaken the pound dramatically just when overseas confidence is being undermined by the concessions to the miners, by the high level of public sector borrowing and by the disturbingly rapid growth of the broader measures of liquidity. The Thatcher factor may work in both directions.

Over-reaction

It is important to add the caveat that I believe that the real exchange rate is too high and that *some* cut in interest rates may be desirable. My worry is about an over-reaction which might produce a sharp fall in sterling in the short-term but could risk an acceleration in monetary growth and in inflation in the long-term.

Côtes-du-Rhône may be good value

FOUR BASIC types dominate home consumption within France of the *appellation contrôlée* red wines: Bordeaux Rouge and Bordeaux Supérieur (a difference only of alcoholic strength), Bourgogne Rouge, Beaujolais, and Côtes-du-Rhône.

Bourgogne Rouge has now largely priced itself out of this basic market, and until recently Beaujolais has tended to be on the dear side, but when included under the Burgundy heading, it forms part of the three-sided competition to provide the bottle of red wine for the French family's Sunday *déjeuner*.

Sometimes bordeaux has been in the ascendant, but its price and quality have fluctuated more than its Rhône rival, and at least until recently has been losing ground to the more consistent, equably priced Côtes-du-Rhône.

In Bordeaux, its Conseil Interprofessionel du Vin has responsibility for a great deal of basic red and white AC wine, and it takes a keen continuing interest in this fluctuating contest. Its annual statistical survey always includes a market research organisation's report on a sampling of quantities bought for home consumption by varying numbers and groups of households.

In 1979, the latest sample available, of the number of bottles bought by 100 selected families for drinking at home, the proportion of red bordeaux fell by 15 per cent, while the Côtes-du-Rhône, at an average price about two-thirds that of bordeaux, rose by 23 per cent. Beaujolais jumped higher, by 42 per cent, but with a much smaller market share.

In 1979, too, the researchers took a look at domestic consumption in Britain. They found that Italian reds and Beaujolais showed the most advance, burgundy was penalised by its high price, and Bordeaux Rouge was running 9 per cent below the average rate of the market's development.

Its sales, at an average price per bottle of £2.33, had risen by 9 per cent compared with 1978, but Côtes-du-Rhône, averaging only £2.04 a bottle, had risen by 17 per cent.

This bears out the view I gained during my visit to the Rhône last autumn that the fairly basic AC red Rhône wines today provide some of the best values in French wines in both quality and drinkability.

There is, of course, more than one level of wine bearing a Côtes-du-Rhône label. At the bottom is the basic generic appellation, with a minimum strength of 11 degrees, and a normal maximum yield per ha of 50 hl.

The crop, spread over the huge, largely flat, vineyards bounded only by hills or mountains, often exceeds 1¼m hl, of which all but a very small proportion is red. In the 1950s certain communes were allowed to add their names on the labels, but in 1967 a new *appellation contrôlée* was created: Côtes-du-Rhône Villages. This covered seven communes in the Vaucluse department, five in the Drôme, and two on the west side of the river in the Gard.

The best known are probably those in the Vaucluse, including Valreas, Cairanne, Vacqueyras and Rasteau, which also makes a fortified *vin doux naturel*, somewhat port-like in style and having an AC of its own.

WINE

BY EDMUND PENNING-ROWSELL

These village wines have a minimum strength of 12½ degrees and a normal maximum yield of 35 hl per ha. Their combined output is less than 10 per cent of the basic Côtes-du-Rhône, but the same red grape varieties are used: the Grenache, Syrah, Cinsault and Carignan.

The last-named is the common grape of the Midi, and produces rather ordinary wine. It is being much reduced in the Côtes-du-Rhone appellations in a vineyard area that has been increased since the beginning of the 1970s from 30,000 ha to over 35,000 ha.

This is great co-operative winery country—about 50 of them in all—and they produce around 70 per cent of the generic wines, with private estates (up to 300 ha in size) responsible for the balance. These tend to sell direct to the trade or through merchants, such as Chapoutier, Delas and Jaboulet of Tain and Bellicard, the Gilbey-owned company in Avignon.

There is a certain amount of *vente-directe* among the co-operatives, as holiday-makers in the region have discovered, but nine of them have formed the Cellier des Dauphin at Tulette in the middle of the sun-baked Drôme vineyards. This bottles up to 130,000 bottles a day and sells 25m a year.

In addition to these wines, certain districts have been promoted to ACs on their own, notably Gigondas in 1971. Its vineyards are for the most part planted on the mountain slopes just below the Dentelles de Montmirail that dominate the landscape for many miles. The Gigondas growers, who produce about 30,000 hl a year, began to promote their wines individually before the last world war, and have concentrated on quality, forbidding, for example, the planting of the Carignan grape.

The leading private grower, M. Meffre is reputedly the largest proprietor of AC wines in France: over 800 ha. There is also a co-operative, and visitors to that area may like to know that one can taste a range of the local wines in a *maison du vin*.

Although Gigondas wines have more depth of flavour than most of the Côtes-du-Rhône, in my view they are somewhat over-expensive: at source at least three times that of the Villages wines.

The other two recent (1973) AC wines are the Coteaux du Tricastin, produced to the east of the motorway between Montélimar and Bollène, and the Côtes du Ventoux, mostly grown on the slopes near the formidable-looking Mont Ventoux.

Most of the districts make some rosé and white wine. The best of the former is Tavel in the Gard, with a particularly successful co-operative, but more recent extensions of the vineyard area have resulted in wines of less character.

Next door is Lirac, but the rosés have much less reputation, and the area looks somewhat run-down. The reds are said to be better.

The white Côtes-du-Rhône are far less heavy than they used to be, and when served fairly cool they are fresh, but tend to lack aroma and character. Yet they are reasonably priced.

The reds, however, have been greatly improved in recent years. They used to be rather heavy, aggressive and coarse, but they are now much lighter, and sometimes even slightly sweet. Alcoholic strengths do not as yet have to be given on French wine labels, but I suspect that the lighter Côtes-du-Rhônes are the most attractive for drinking within two or three years of the vintage, as they should be.

These fairly basic Rhône wines are gaining in popularity here, and can be bought equally from the more distinguished wine merchants, the most popular off-licences and nearly all the grocery chains that sell wines. Prices range from around £2 a bottle to rather more for the Villages wines, although I was told on the spot that these are not always superior to the basic generic wines—a matter of trial and error.

The wines with a domaine name or that of one of the leading Rhône firms are likely to cost a little more, and the latter kind at least may have the merit of careful selection and perhaps blending. Tavel is probably dearer still, but it has to maintain its reputation as France's leading rosé.

If one is looking for vintages, the best recently was 1978, and the prolific 1979 rather less good, but perfectly adequate for wines designed for everyday drinking rather than keeping.

Abbey Brig faces formidable task

WITH Abbey Brig, Socks and Poyle Crusher to represent him at Huntingdon today Josh Gifford will be keeping an anxious eye on the weather.

The Findon trainer, who was born only a few miles from this track, is only now beginning to turn out his customary flow of winners and he will be more anxious than most that the weather does not halt his run.

RACING

BY DOMINIC WIGAN

Although Abbey Brig's task is formidable, I believe he will prove capable of returning to winning form in the opening division of the Jim Holden Novices Chase.

A powerfully made full brother to Tel Brig, the seven-year-old Abbey Brig has been kept on the move—both in the course of racing and to and from different stables—for a long while. Handled by W. A. Stephenson when a five lengths runner up to Brave Fellow in a 16-runner novice hurdle at Newcastle early last season, Abbey Brig then joined R. Wall's stable for a short spell before being sent south to Findon.

Since joining Gifford Abbey Brig has shown considerably improved form and it was at Huntingdon on Boxing Day that he lost his maiden certificate: beating Anitacat, strictly on merit, in a 15-runner novice hurdle. Since that success Abbey Brig has graduated to fences: finishing fourth in a big field for the 2½-miles Tote Novices Chase at the course.

Although well beaten by Major Swallow, Oakprime and The Corinthian in that event after meeting with interefernce at the final fence Abbey Brig showed enough to suggest that today's race should be within his compass.

In the second event of the novices chase backers are probably best advised to row in with Major Knight, the Upper Lambourn seven-year-old proved far too good for The Corinthian when completing a double at Leicester early this month.

Turning to Gifford's other course winner, Socks, he too, is in fine fettle. The 2½-lengths conquerer of the fast-deteriorating Isle Of Man at Sandown three weeks ago Socks had previously done well to finish second behind Money Talks to whom he was trying to concede 9 lbs at Windsor.

Socks is preferred to El Cardo, from whom he receives 4 lbs in the Ward Hill Handicap Chase.

HUNTINGDON

1.30—Rodshot
2.00—Izzyfast
2.30—Alltyre**
3.00—Abbey Brig***
3.30—Ansumdus
4.00—Socks*
4.30—Major Knight
5.00—Lucky Seventeen

TV/Radio

† Indicate programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 *Pebble Mill at One*. 1.45 Pigeon Street. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Grange Hill.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Rolf Harris Cartoon Time (London and South East only).
7.15 Taxi.
7.40 Seapower.
8.10 When the Boat Comes In.
9.00 News.
9.25 Play for Today.
10.40 Omnibus.
11.28 *News Headlines.*
11.30 Platform One.

All Regions as BBC1 except as follows:

Cymru/Wales—11.38 am-12.03 pm Dechrau Siarad. 5.15-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10-7.40 Pobol y cwm. 12.05 am News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 *Reporting Scotland*. 10.40 Current Account. 11.10 Omnibus. 12.10 am News and Weather for Scotland.

Northern Ireland—10.38-10.58 For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 In Our Own Good Time. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southamton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich) — It's Your Image; Midlands (Birmingham) — Look! Hear!; North (Leeds) — Hometown; North East (Newcastle) —Phone In Now; North West (Manchester)—Towards Tomorrow; South (Southampton) — Support Your Local . . . Twin; South West (Plymouth)—The Music Quiz; West (Bristol)—The Chase.

BBC 2

6.40-7.55 am Open University.
10.00 Business World.
11.00 Play School.
11.25 Speak for Yourself.
2.30 pm Roads to Conflict.
3.00 Propaganda with Facts
3.30 A Child's Place.
4.50 Open University.
†5.45 Charlie Chaplin in "One am."
6.15 Maggie.
6.40 Under Sail.
6.55 News Summary.
†7.00 The Tuesday Western: "Destry Rides Again" starring James Stewart, Marlene Dietrich.
8.30 Russell Harty.
9.00 Pot Black 81.
9.50 Ireland: A Television History.
10.45 Newsnight.

BBC2 Scotland only—4.20-4.40 pm *BZZZ (for children)*.

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Pinkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Mallens. 3.45 Barney Miller. 4.15 Dr. Snuggles. 4.20 Take a Chance. *4.45 Ace Reports.* 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Bognor.
8.00 Robin's Nest.
8.30 Janet and Company.
9.00 Cover.
10.00 News.
10.30 Basil Hume OSB.
11.30 Job Hunt.
12.15 Close: "Sit Up and Listen" with Tony Lothian.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Out of Town. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Life Begins at 40. 12.15 am A Norfolk Parson Visits America.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 12.15 am ATV News.

BORDER

1.20 pm Border News. 3.45 Looks Familiar. 5.15 The Electric Theatre Show 6.00 Lookaround Tuesday 7.00 Emmerdale Farm. 12.15 am Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On *Where and Weather*. 3.45 Looks Familiar. 6.00 Channel Report. 7.00 Benson. 10.28 Channel Late News. 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 12.30 pm Simply Sewing. 1.20 North News. 3.45 Looks Familiar. 6.00 North Tonight 7.00 Welcome to the Ceilidh. 12.15 *am North Headlines*.

GRANADA

1.20 pm Granada Reports. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 12.15 am After All That, This.

HTV

12.30 pm Play it Again. 1.20 HTV News. 3.45 Looks Familiar. 5.15 Dangerous Dan McFoo. 5.20 Crossroads. *6.00 Report West. 6.30 Definition.* 7.00 Emmerdale Farm. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 9.47-10.02 am Wales and the Sea. 10.48-11.03 Believe It or Not. 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Gwesty Gwirion. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Brenhines Llen. 11.00-11.30 World in Action.

SCOTTISH

12.30 pm Gardening Today. 1.20 News Headlines and Road and Weather Report. 3.45 Looks Familiar. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 12.15 am Late Call.

SOUTHERN

1.20 pm Southern News. 3.45 Looks Familiar. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 12.15 am Wholeness.

ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 3.45 Looks *Familiar. 6.00 Westward Diary.* 7.00 Benson. 10.31 Westward Late News. 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

12.30 pm Looks Familiar 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 A Touch of Fashion. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 *Emmerdale Farm.*

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Talkabout. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 9.00 pm The Songwriters (S) 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 Steve Jones (S). 8.00 The Leading Ladies (S). 9.00 International *Boxing Special from the Royal Albert* Hall. 10.00 The Law Game. 10.30 Funny You Should Ask. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News 9.05 This Week's Composer: Barber (S). 10.00 Franz Liszt Chamber Orchestra (S). 11.00 Vermeer Quartet (S). 12.05 pm BBC Symphony Orchestra concert, part 1 (S). 1.00 *News* 1.05 Six Continents. 1.25 BBC Symphony Orchestra concert, part 2 (S). 2.05 Light Music Miniatures (S). 3.05 Russian Piano Sonatas (S). 3.40 Amphion String Quartet (S). 4.25 Jazz Today (S) 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 "Lulu" (S): Opera in three acts by Berg, from the Royal Opera House, Covent Garden; Prologue and Act 1. 8.05 Two Worlds for Memory (readings from the memoirs of Alfred Noyes). 8.25 "Lulu" (S) Act 2. 9.30 How to Choose a Wife (short story by William Saroyan). 9.55 "Lulu" (S) Act 3. 11.00 News. 11.05-11.15 *Leon Goossens (S)*.

VHF only—Open University—5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. *12.00 News.* 12.02 pm You and Yours. 12.20 Down Your Way visits Ilchester, Somerset. 12.55 Weather, programme news 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Wuthering Heights by Emily Bronte (S). 4.00 Ray Gosling visits Skelmersdale. 4.15 "Tolstoy in London," by Olga Franklin. 4.45 Story Time. 5.00 PM: News magazine. 5.50 *Shipping Forecast.* 5.55 *Weather*, programme news. 6.00 News. 6.30 Brain of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Two at One? 8.35 Voices in Harmony (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Earthsearch by James Follett (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn 5.00 News. 5.15 *Music on the Move.* 6.33 *Openings.* 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

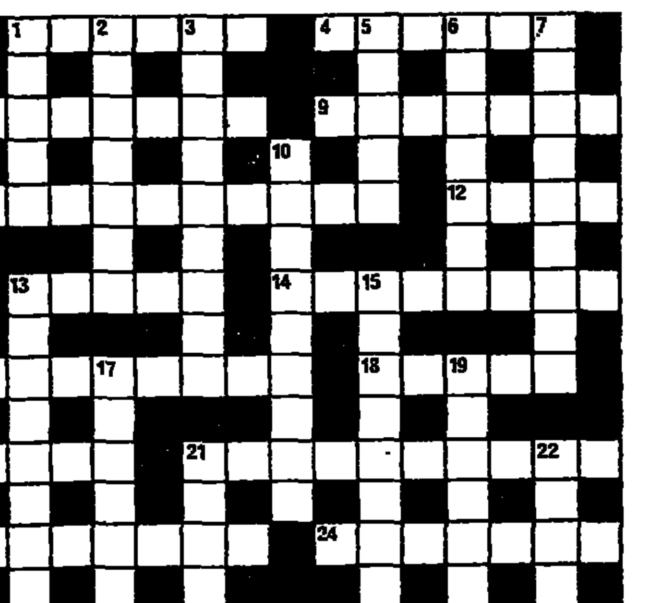
London Broadcasting

6.00 AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Our Kind of Town. 5.00 Morning Music

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight with Sarah Ward. 9.00 Nicky Horne. 11.00 Tony *Myatt's Late Show.* 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,503



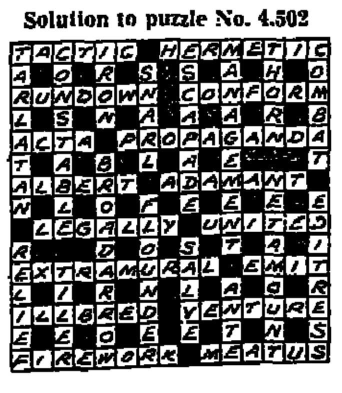
ACROSS

1 A cough mixture up in Argentina (6)
4 Bible book, we hear (6)
8 In which potter might keep his braces? (4-3)
9 *Ideal location* for Reading's scale railway (7)
11 Lowest-possible kind of budget — recognise one's rights? (10)
12 Having made deposit, Liberal needs help (4)
13 Eat small amount—it makes sense (5)
14 What a percentage—can't go on like this! (8)
16 Give wrong heading in vapour I let out (8)
18 Point of view of one of our ancestors (5)
20 No adherent of "The Rolling Stones" (4)
21 Scot on hill changes into middle gear (4-6)
23 Ore for Clementine's father, a learner (7)
24 Perfunctory nursery-rhyme? (7)
25 Poet's wine? (6)
26 Insensible in endless wild dispute (6)

DOWN

1 Hangs about in dental strike (5)
2 Futile advice to a prodigal (7)
3 But it is not recorded on ticker-tape (5-4)
5 Employing, but causing accountant to fall off (5)
6 Thug behind bars? (7)
7 Knight-bachelor, we hear, goes round on a horse (9)
10 Underworld belief in ill-repute (9)
13 It is suiting people to start an oil-rig construction (9)
15 Worthless in America without credit at bank (2-7)
17 Is it laid down according to Mosaic Law? (7)
19 Here in Derbyshire, one can take a shine to work (7)
21 The French hail and farewell (5)
22 Engaged for wages in the Yorkshire dales (5)

Solution to puzzle No. 4,502



ENTERTAINMENT GUIDE

THE ARTS

Festival Hall

The Music Makers

by RONALD CRICHTON

The Bach Choir's Saturday evening concert filled the Festival Hall with a programme of Finzi, Brahms and Elgar. Sir David Willcocks conducted, Janet Baker and Philip Langridge were the soloists. A choral concert of the old sort, and a good one, devoted mainly to the kind of English music that runs in this choir's blood as firmly as ever—renewed interest in minor as well as major English composers of the first half of this century has given a shot in the arm to the large-scale amateur choral tradition.

It isn't often, surely, that Finzi has half a Festival Hall concert to himself. His Wordsworth setting, *Intimations of Immortality*, was begun before the war but not finished until afterwards. He treated one of the most famous poems in the language in his own craftsmanlike, shyly sensitive, unassuming brand of the English musical idiom. The result is not unworthy. The lively music of stanzas three and ten, contrasting with the quiet musings of the rest, interestingly conjures up not only Holst's *Planets* but Lambert's *Horoscope* (1938)——was there some conscious or unconscious association at work?

This performance was as sympathetic as one would expect. Mr. Langridge's high notes are hard but they are real notes—his singing of the solo not long before the end was admirable. Doubts centred on one feature, not the writing for tenor or chorus individually but the combination of the two, where the sense of the words is sometimes (and with such a careful composer, possibly deliberately, blurred). As for craftsmanship, a clarinetist in a provincial German orchestra once played me a tape he had recorded of some pieces by Finzi. When I asked how he had come across them, he replied "When I was a prisoner of war in Lincolnshire—the English are much more musical than we had been told. Our composers don't bother now to write music of medium difficulty."

In *The Music Makers*, Elgar's aching meditation of his calling, Dame Janet sang the solo part with an apparent simplicity and directness only within the grasp of a major artist. Does anyone still worry about the self-quotations in the score? Objections were presumably based on disapproval of "showing off" and perhaps on a subconscious feeling that repetition of the creative act only worsens the crime. The soloists' contribution to the Alto Rhapsody of Brahms was profoundly satisfying in much the same way, but here she was not matched by the men of the choir, at least not by the thready-toned tenors, whose intonation was not above reproach. The choral music of Brahms has been an adopted part of our repertory for ages but the fat, *Liedertafel* tone-quality it needs does not come naturally.

Elizabeth Hall

Perahia

by ANDREW CLEMENTS

All pianists worthy of serious attention work at and change their interpretations as the years pass. But Murray Perahia's account of Schumann's *Fantasiestücke* Op. 12, the centrepiece of his recital in the Elizabeth Hall on Sunday afternoon, seemed radically different from his recorded version. That disc was made soon after Perahia won the Leeds Piano Competition in 1972, when he was greeted as a refined but very natural poetic talent. But now in Schumann at least Perahia provides a good deal more backbone.

Everything remains very elegantly turned; there are still occasions when staccato cadences are softened, and when half-pedalling carries the music on the thinnest thread of tone. But who would have expected Perahia to give us a "Traumes Wirren" with the right-hand semi-quavers crushed tightly together, or "Ende vom Lied" with a palpable degree of pomposity, or the coda to the work baldly presented, without the expected *mezzo voce*? It was, despite the surprises, the work of an assured Schumann pianist; the control of tension in "Aufschwung" seemed quite effortlessly matched to the flow of the music, "Warum?" was limpidly unfolded.

If the Schumann was not as we expected, then the Mozart (the D minor Fantasy K.397 and the D major Rondo K.485) and the Schubert (the Impromptus D.899) certainly were. The Schubert in particular showed the familiar virtues. The half-pedalling was back for the lonely statements of the theme of the C minor impromptu, the staccato here light and decisive, and the streaming triplets of the E flat were purled off without blemish, and without a quaver's lapse from silvered tone. Perahia too plays Bartók more often and more effectively than practically any other first-rank pianist. Here he included the Improvisations on Hungarian peasant songs Op. 20, presenting them whole, as an almost seamless, protean fantasy. The lack of cutting edge in his playing mattered not at all.

Festival Hall

Stravinsky Festival

by MAX LOPPERT

The concluding part of the current chapter of the festival—more Stravinsky is promised next season—began less encouragingly than it ended. David Atherton's securely formed sense of the neo-classical Stravinsky sometimes falters in the relative shapelessness of the slower movements. This was felt in the London Sinfonietta's otherwise blameless account of the *Orpheus* ballet during the 1979 concerts; and was felt again in the complete *Pulcinella*, given last Sunday.

There was a cheerful blandness about the performance which declined into something like easy-going sponginess in the middle dance movements and the ariettas, and which therefore showed itself the very opposite of the composer's own wonderfully energetic and voracious attitude to the original music—Pergolesi or "attrib. Pergolesi" as may be—prised into new contexts. The soloists (Elizabeth Gale, Robert Tear, John Shirley-Quirk) projected too gently. The aesthetics of *Pulcinella* are a rather more complicated and interesting matter than this account of it was willing to suggest.

After this disappointment, things were bound to improve; and did so especially in Miss Gale's delicious singing of the two Konstantin Balmont songs and the Three Japanese Lyrics—the Rusian language brings out a poignant sweetness in the soprano's timbre. The "distance travelled between these charming early miniatures and the "sacred ballet" *Abraham and Isaac* (1963) is one of the things this prolonged celebration of Stravinsky has been most instructive about.

As it happens, the late nugget, accurately but rather too soft-grainedly sung by Mr. Shirley-Quirk, made less than its normally pithy impression; one even felt, for once, that by the side of such other late treasures as the Requiem Canticles its sound-world lacks a sharply defined character. If this judgment was the unreliable product of immediate experience, it seemed to be confirmed by the Symphony of Psalms, its lapidary, luminous sonorities struck out with unsleepy urgency by Mr. Atherton. As passing reservation about the thin high phrases of the Southend Boys' Choir notwithstanding, this performance of one of Stravinsky's unarguable masterpieces felt as "right" as that of *Pulcinella* had not.

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Roger Taylor

A scene from Love in a Village, painted by Johan Zoffany. The play, by Isaac Bickerstaff was first performed at Covent Garden Theatre in 1762.

National Theatre

The Maugham Collection

by ROY STRONG

Ever since ornament became a dirty word architects have ceased to be orchestrators of exponents of the decorative arts. No recent public building brings this home to me more forcefully than the National Theatre. A distinguished building and marvellous to be in, but when the curtain is down there is nothing to look at. The eye is starved. Even that curtain when down could have been a painted cloth designed by Hockney or a textile hanging by Joyce Conway Evans. All of which leads me to say what a relief it is to have the Somerset Maugham Collection of theatrical paintings adorning the walls of the concrete passages of parade that make up the theatre's bars, buffets and foyer. Any lingering visual allusion to Piranesi's *Carceri* that those sweeping staircases and multiple levels used to evoke, has been banished by the richness of oil paaintings and the glitter of gilt frames. At last something to look at while munching a sandwich or having a drink.

Maugham himself was remarkably perceptive as to the effect that these paintings would have in softening the patina of this machine for acting in. In 1954 he wrote:

"The theatres they build now are severely functional; you can see from all parts of them what is happening on the stage; the seats are comfortable and there are abundant exits, so that you run small chance of being burnt to death. But they are cold. They are apt to make you feel that you have come to the playhouse to undergo an ordeal rather than to enjoy an entertainment. It seemed to me that my pictures in the foyer and on the stairs of a new theatre would a trifle mitigate the austerity of the architect's design."

How right he was!

The hanging at the moment is in the bars and buffets and everything is brilliantly spotlit. I would have personally preferred a less concentrated arrangement and their use more as decoration rather than as an incipient after hours course on the Regency theatre. The staircases, for instance, are made to be punctuated with a picture on the landings. However, that is to quibble. They look splendid. They have been cleaned, very sensibly glazed, and the frames put in order. The watercolours have been placed beneath filter glass to avoid fading. And those heavenly twins of British theatrical history, Mander and Mitchenson, have written a fully illustrated catalogue which is a mine of information and a masterpiece of detection.

The only criticism one has is that we are never told where the paintings came from, or given any bibliographical references. All that we can garner is what Maugham tells us that he began to collect theatrical pictures in 1914, and that the first picture he ever purchased was one of his best, a version—not the finest but good—of Zoffany's Garrick and Mrs. Cibber in Otway's *Venice Preserv'd*. Although, next to the Garrick Club, it is the largest collection of its kind, there are only 82 items in all and of these 40 are small watercolours and three have turned out not to be of theatrical subjects. When one thinks of his Impressionist collection one gets the feeling that this one was put together on the cheap.

The period covered is from the advent of Garrick down to the 1840s when the camera was shortly to take over the task. Inevitably we open with David Garrick whose mastery of the art of publicity leaves both the Sitwells and the Pakenhams at the starting post. Garrick's predecessor in this self-promotion in paint was Alexander Pope from whom many of the themes are derived. From the 1750s onwards a succession of alliances with great and minor artists of the day created a mythology rich in allusion as he was immortalised in his greatest roles, idealised as the country gentleman in the grounds of his mansion house or apotheosised contemplating Shakespeare with its coda of genius meets genius.

The Maugham Collection gives us a few minor glimpses of this. There is an early copy after Reynolds of the 1760 picture of him being torn between the muses of Tragedy and Comedy, a motif repeated in a profile portrait of Zoffany *a l'antique* in which the Muses figure this time as masks in a swag that encompasses the figure. The remainder capture moments on stage. That by Hayman depicting him as Richard III in the battle scene shows him dressed in a vague approximation to Tudor costume and reminds us of one of his basic reforms in the production of Shakespeare.

Stage costume is indeed the most fruitful of all the strands of information that we can gather from this Collection, covering as it does the century which witnessed the introduction of standards of antiquarian accuracy culminating in the productions from Kean onwards. John Henderson and Richard Wilson as Hamlet and Polonius in the 1779 Covent Garden Theatre production look more like George III and Pitt in wigs, frock coats and knee-breeches. Henry Andrews' portrait of William Pleater Davidge as Malvolio about 1846, 50 years later, has stepped out of the frame of a picture in an Elizabethan long gallery. Historicism of this kind, theatre as an archaeological visual voyage, became a central phenomenon of the post Napoleonic War era.

The artist above all who carries us through this period is Samuel de Wilde who from 1792 until the close of the 1820s produced a whole series of studies of theatrical figures. Living in Tavistock Street midway between Drury Lane and Covent Garden he, as a result, churned out hundreds of portraits. The Garrick Club has so many of these that they flood, frame to frame, up the backstairs. His watercolours, which are all produced to a monotonous formula, provide us with a competent rather than an inspiring record of actors in the age of incipient penny plain and twopence coloured.

The oil paintings, in the manner of Francis Wheatley, are by contrast far superior in quality. Charles Farley in *A Tale of Mystery* gives us a pretty good idea of the rhetorical gestures and Gothick props that attended the stage equivalent of the *Mysteries of Udolpho*. The scenes from *The Children in the Wood* and *The Merry Wives of Windsor* go on to provide an impression of the painted cloths against which the actors moved, but they are placed hard up against them rather than at a distance on the stage apron where they would have been. The backgrounds in nearly all the other paintings can totally be discounted as evidence, the painter always setting his characters directly into a three dimensional naturalistic setting.

The last time I saw the Maughan Collection was in a store a decade or more ago. It is, therefore, an enormous step forward to actually get it up on the walls at last. It is also another recent stride in the right direction to ensure the future of the Mander and Mitchenson Collection. The British on the whole are disinterested in the artefacts of their theatrical past.

What is missing now is the Theatre Museum in Covent Garden, whose treasures lie scattered over some twenty locations in these islands. A weary saga, but hopefully the curtain will go up even on this by the middle of the eighties which, I suppose, for any cultural project in this country can be reckoned fast.

RSC in Stratford

The Royal Shakespeare Company has announced the first part of its 1981 Stratford-upon-Avon season. This runs from April 6 to June 20 and features seven productions, five of them revived from last year.

The two new productions are, in the Royal Shakespeare Theatre, *The Merchant of Venice* (opening April 21) directed by John Barton with David Suchet as Shylock; and, in The Other Place, Ostrovsky's *The Forest* (April 29) translated by Jeremy Brooks and Kitty Hunter-Blair, directed by Adrian Noble and starring Alan Howard and Richard Pasco as a pair of strolling players.

The five revived productions are, in the RST, *Hamlet* (from April 6) and *As You Like It* (from May 4); and, in TOP, *Timon of Athens* (April 7), *Hansel and Gretel* (April 13) and *The Shadow of a Gunman* (May 11). All seven productions will then come to London.

New Theatre, Cardiff

Die Frau . . .

by DAVID MURRAY

Yet again the Welsh National Opera puts us gratefully in debt to them, this time for a potent, deceptively simple account of Richard Strauss's most difficult opera. His librettist Hofmannsthal viewed their *Rosenkavalier* as a modern *Figaro*, and intended *Die Frau ohne Schatten* as an analogue for *Die Zauberflöte*. But where *Zauberflöte* offers a plain (though edifying) fairy tale with tantalising symbolic overtones, Hofmannsthal's text is consciously symbol-ridden to the point of suffocation; he counted on his partner's musical genius to give operatic life to this Trojan horse, crammed with allusive messages which poor Strauss was expected to grasp only on an instinctive, sub-literary level. Strauss's muse could make the horse gallop only after repeated applications of the whip. Even now—as the WNO programme shows, excellently rich in background material as always—operahouses feel some anxiety about whether we can appreciate the opera without firm guidance through the "levels" of the text.

The guiding thought of Hofmannsthal's dramatic action is odd and unfashionable: that human love is fulfilled only in having children. (An anti-Romantic idea, and heartfelt: the poet's beloved son committed suicide in 1929, and Hofmannsthal died of a stroke on the way to his funeral.) The most prominent of the extra "levels" of the opera is that of a natural (social) hierarchy: below the unfathomable divine powers are found the Beautiful People, and beneath them—a good long way down—the squalid mob, among whom homely (but sterling) virtues may occasionally be found. Making these planes of existence visually distinct is what productions of *Die Frau* generally aim at first; it is the first thing that Gilbert Deflo's WNO production sacrifices.

It is a bold sacrifice, but a fair one—though it entails forgoing all the usual pictureque details of staging. The different "planes" on which *Zauberflöte's* Tamino/Pamina and Papageno/Papagena live are fixed by their music—elevated arias against *buffo* innocence; the music of their *Frau*-twins is differentiated chiefly by instrumental colour, and by the stronger individuality and warmth of the working-class pair. Deflo's staging (sets by Carlo Tommasi) shows us not different worlds, but a basic arena with mere hints of locale. Undoubtedly Strauss as well as Hofmannsthal expected much more; but the excitement of Deflo's version lies in testing the real power of the music-drama without the paraphernalia of illusion. (The magic tricks required by the action are prettily but plainly contrived.) The score is trimmed—Strauss was all too understanding about the pace dictated by stage-mechanical limits, and I shall say only that nothing I care about in the music has gone.

Deflo has thus given the performers a remarkable opportunity to make an honest opera of *Die Frau* without lit.-crit cosmetics. They have seized it. Richard Armstrong conducts a wonderfuly bebrile, gripping account of the score — not impersonally sumptuous in the familiar way, but quick, volatile and iridescent. The right couple holds the centre: Barak the dyer is Norman Bailey in grand and richly sympathetic form — yet again he seems to have found a role he was born to play — and his fretful wife has an inspired incarnation in Pauline Tinsley. She begins as a hard knot of resentment, a bleak, honest woman at odds with her place and herself, and grows movingly before our eyes (singing strongly, and with sharp dramatic truth). Patricia Payne's Nurse is a bold conception, violent and theatrical, that may mature well; it has not quite come together yet, though her considerable vocal means are promsingly apt for the rigours of the part.

The young Empress is Anne Evans, who developed on Saturday from a tentative start to fine, ringing confidence in all her later self-discoveries. (The rituals that surround those can't be made anything other than "symbolic," but Deflo keeps the characters clear and central.) Matti Kastu makes the right kind of tenor noise as the Emperor, but much of the lyrical line escapes him. Arthur Davies, Russell Smythe and Julian Moyle are Barak's lusty, freeloading brothers; Geoffrey Moses is the sonorous Spirit Messenger. The news he brings is from nowhere but the human interior, on Deflo's demythologised reading; it is greatly satisfying to have so much of that disclosed in *Die Frau ohne Schatten*, in a musical realisation of such distinction.

Cottesloe

From Kipling to Vietnam

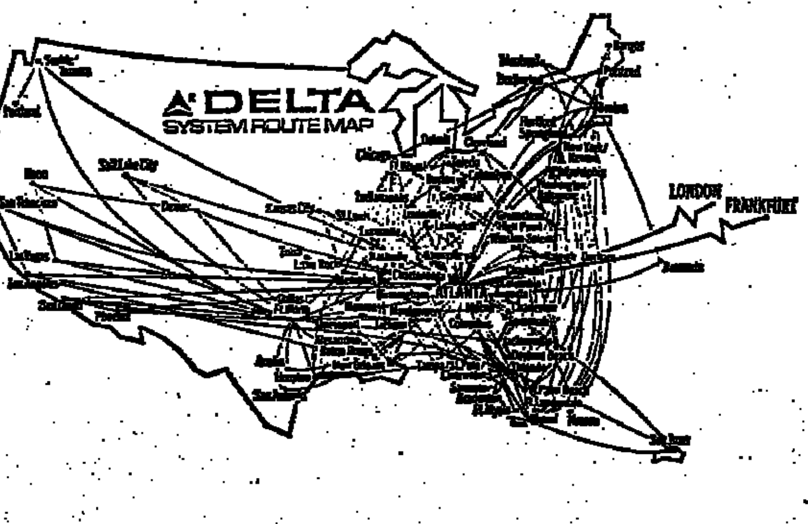
by ANTHONY CURTIS

Kipling glowers at the audience while they wait for the actor to appear. Then a roll of drums sounds; Kipling disappears from the screen, and Kenneth Cranham comes on live in casual khaki. For the next 35 minutes he enthralls with performances of war poems by Kipling, Wilfred Owen and Robert Lowell. I use the word performance advisedly for what we have here is a deliberate attempt to portray character and drama, not just to speak the poetry to good effect. Most English poetry does not submit kindly to the histrionic manner but the branch that stems from Browning and includes Kipling's *Barrack Room Ballads* cries out to be acted. It is a generous helping from these Cockney ballads that provides the main course on Mr. Cranham's menu.

Mr. Cranham speaks the muvver tongue as if he knew no other. He positively relishes Kipling's Cockney diction, emphasising the main note in each poem: indignation in "Tommy," fear in "Danny Deever," admiration in "Gunga Din," defiance in "Cells," confession in "The Ladies," restless anger in "Chant - Pagan." Whether familiar through parody or comparatively unknown, they all revive magnificently well. Kipling's admiration for the songs and monologues of the London Music Hall of the 1890s shines through Mr. Cranham's work as he leaps at every opportunity for transmitting a patriootic frisson.

After such heavy stuff he turns to the poignant reflections on war by Wilfred Owen and finally to Robert Lowell with recent memories of World War Two and Vietnam. A terrifying rendering of "A Mad Negro Soldier Confined at Munich" proves conclusively that Mr. Cranham is not limited to Cockney.

The show which is one of the NT's Platform Performances comes on again at 6 p.m. tonight (February 24) and it really should not be missed by anyone within range of the Cottesloe.



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Tuesday February 24 1981

Splitting the alliance

IN HIS opening statement to the 23rd Soviet Party Congress, Mr. Leonid Brezhnev has offered a number of placatory-sounding propositions to the West and in particular to the new Reagan Administration. The most novel element appears to be a proposal to set up "confidence-building measures" (*that is, advance* notification of troop movements and manoeuvres) which would cover the entire European part of the Soviet Union, and not just the first 250 kilometres as under the Helsinki agreement. This would seem to represent a major concession to the West, since it goes a long way to meet the arms control proposals being put forward by western Europe and the U.S. in the Madrid review conference.

Arms race

Any proposal which genuinely seemed likely to allay East-West tension *would deserve the most* serious study by the West. The trouble is that there may, as so often in the past with pacific gestures from Moscow, be much less in it than meets the eye. On this occasion, two possible interpretations suggest themselves. The first is that the Soviet Union may be seriously worried by the evident determination of the Reagan team to start matching the Soviet defence effort, and may there*fore be alarmed* at the economic cost of embarking on an arms race. For the first time in many years, therefore, the Soviet Union may be seeing some merit in arms control measures.

But apart from the CBM proposal, all the other conciliatory elements in the Brezhnev *speech look hollow*, and the more cynical interpretation is that Moscow is trying to exacerbate the defence debate between the U.S. and western Europe. As it is, there is a significant quietist strand in the Benelux and Denmark, in the British Labour Party, and even in West Germany's *ruling* SPD *party*, which is resistant to American demands for bigger defence expenditure and for a stronger nuclear weapons arsenal in Europe. If the Russians can assume an appearance of benignity, in part erasing the evidence of what they are doing in Afghanistan and of the build-up of their own defence forces, they may be able to undermine the American campaign to secure a collective strengthening of NATO. The continuation of NATO's disarray would be a *prize worth exchanging for any* number of offers on confidence-building measures, not least since negotiations would be prolonged and might well be fruitless.

Whichever interpretation is more plausible—and they are not mutually exclusive — it is *clear that any hope of a mean*ingful improvement in East-West relations will be contingent on Western Europe and the U.S. thinking and working more closely together, without the public suspicion and recrimination which have dogged their relations in the recent past. It may be that the West Germans are over-optimistic about the chances of salvaging something from the era of detente; it may be that Reagan's *America is too obsessed with* firepower. But the collective strength of the West depends on reaching a greater degree of balance and consensus on the right approach to the Soviet Union.

The week-end speech of Mr. Frank Carlucci, Deputy Secretary at the Pentagon, is not a helpful contribution. We are all well aware that the U.S. expects a bigger European defence effort than has so far been forthcoming. But the attainment of this desirable objective will not be made easier by threatening to withhold improvements in America's contribution to Europe's defence. At this early stage in the Reagan presidency, when policy is only too obviously half*formed, quiet discussion would* be more useful than public acrimony.

Ritual

Unfortunately, it is still very difficult to have any great faith in the coherence of the emerging U.S. foreign policy. Whatever may be the rights and wrongs of the U.S. view of events in El Salvador, the prominence being given to this issue by Washington, in comparison with such larger problems as the Soviet Union, Poland, Afghanistan, the Middle East, sems baffling, and the crude threat to blockade Cuba even more bafling. In Washington this week, Mrs. Thatcher and Lord Carrington will be the first European leaders to have an opportunity to probe the way the American are thinking, and perhaps to persuade them that ritual denunciation no longer serves the case.

A single tax system for all

THE recent Green Paper on "The Taxation of Husband and Wife" does more than highlight the unequal treatment of men and women within the UK's present revenue raising system. Tax reform is needed just as urgently to reflect social change which has gathered pace in the last 50 years and particularly in the last 20. As in other western countries more women are breadwinners in *their own right. A tax system* rooted in the early 19th century and founded on marriage is no longer appropriate.

Britain is not alone in using the married couple as its basic tax unit, although it is certainly in a minority. More controversial is the system of personal allowances which reduce the amount of aggregated income on which tax is paid. Since the end of the First World War a married man has been given a *higher personal allowance than* a single person; at present he gets 1.56 times his single counterpart. This extra benefit, the argument runs, reflects the man's legal and moral responsibility to support his wife and family. A working wife is entitled to the wife's earned *income allowance, equivalent to* that of a single person.

The potential injustices of aggregation—a woman's income is "deemed for income tax purposes" to be her husband's—are loss of privacy and a higher tax liability at higher income levels. The options for separate assessment and separate taxation do, however, help to limit their extent.

The main consequence of the married *man's allowance is to* make two-earner married couples relatively better off than two single people with jobs (2.56:2) and couples with one partner at home (2.56:1.56). A recent Inland Revenue survey of EEC and certain other major countries show that the UK is alone *in giving husband and* wife with two incomes more than two single allowances.

The Green Paper puts forward two possible answers to the many criticisms voiced in the past few years. The first is to improve the separate assessment option and extend *separate taxation to a wife's* investment income; under present rules this is invariably aggregated with the husband's and can therefore attract tax at unfairly high rates. Such measures, thought to be favoured by the Inland Revenue, could be introduced as early as 1983-84 with a minimal increase to the Revenue's wage bill.

The Green Paper's more radical alternative is what it calls "mandatory independent taxation." This would involve the abolition of the married man's allowance and the aggregation rule, so that men and women would become individual taxpayers in their *own right, with their own allow*ances and responsibility for their own tax returns. Such a solution would remove all traces of sex inequality and eliminate the *relative advantage that* working couples enjoy.

Child budget

The big question, however, would be how to redeploy the resources saved by scrapping the married man's allowance. As the Green Paper suggests *this could either be done by* fully or partially transferable allowances—in other words unused allowances could be switched between spouses—by the payment of a lump sum through the social security system.

One possibility which seems to have gathered support is to raise the level of child benefit. Besides the possible administrative difficulty of distinguishing between a working and non-working parent, this presupposes that a stay-at-home spouse should be rewarded solely for his or her child raising activities. A truly neutral system should recognise the overall economic contribution of such individuals in a household.

Completely individual taxation would provide scope for tax avoidance through rearrangement of assets by husband and wife. Some sort of aggregation may therefore be desirable to deal with investment income.

The Inland Revenue argues that individual assessment would require several thousand additional staff. Yet the case for such a system, in equity, is very strong; fears of an administrative upheaval should not disguise the inadequacies of an antiquated tax code.

INDUSTRIAL UNREST IN SOUTH AFRICA

Blacks wake up to union power

By Quentin Peel in Johannesburg

IN THE corner of a shabby little block of shops and offices in central Johannesburg, above the premises of a dealer in herbal medicines, and a clothes shop calling itself Hawkers' Paradise, is the sparsely-furnished headquarters *of the Council of Unions of* South Africa (CUSA).

The office, boasting a desk, three chairs, a telephone and a filing cabinet, is appropriately modest for an organisation founded barely five months ago. But CUSA is, nevertheless, an important part of the *independent trade union move*ment, which is causing considerable soul-searching both in the corridors of government in Pretoria, and in the boardrooms of South African industry.

CUSA is one of two umbrella bodies of largely black trade unions — independent of the *long-established white unions* — whose membership has soared in recent months. The eight member unions of the Council, operating in industries ranging from chemicals and catering to engineering and construction, claim a 28 per cent increase in signed-up members, to 35,700, in six months last year. In the same period, the number of paid-up members more than doubled from 9,450 to almost 19,000.

The Federation of South African Trade Unions (FOSATU), the other and larger arm of the movement, based in Durban, boasts a similar expansion. Between March and December, 1980, its signed-up membership grew from 45,000 to just under 60,000, and its paid-up *membership from* 20,000 to 32,000.

The expansion and consolidation of the black unions have coincided with two major events: the overhaul and reform of South Africa's racially-based labour laws; and a sudden upsurge in black labour unrest.

According to the Government's National Manpower Commission, the number of strikes and work stoppages in the country doubled last year to 207 from 101 in 1979. The number of man-days lost almost trebled: at 175,000, compared with 67,000. In terms of man days lost, 980 was South Africa's worst year ever for industrial unrest.

Scenes from black South African life and (top right) Mr. P. W. Botha, the Prime Minister

Growing worker militancy is described, in a recent study* of foreign companies and industrial relations in South Africa as "the most formidable *challenge that multi-nationals* in South Africa will face during the 1980s."

A variety of factors contributed to the upsurge in strike action. South Africa's economic prosperity over the past two years has resulted in a serious shortage of skilled labour, resulting in the need to accelerate black advancement, and consequently increasing the bargaining power of black workers.

However, the Eastern Cape, where the greatest number of disputes occurred, has also been one of the areas slowest to feel the benefits of the boom. It is likely that accelerating inflation which probably affects the lowest income groups most severely, has outweighed any benefits for black workers, especially in relatively depressed regions.

Union leaders believe, how*ever, that the most important* reason for the growing discontent has been the increasing awareness among black workers of the potential of industrial action.

However, one of the main centres of strikeaction, the Rosslyn Industrial Estate outside Pretoria, where more than 20 factories were affected, was the scene of a series of wildcat strikes with little direct union involvement. Car workers at *BMW and Datsun were seeking* wage parity with their fellows working at Volkswagen, Ford and General Motors in the Eastern cape. Other workers in engineering plants such as Siemens and Metal Box followed

Although wildcat strikes are likely to recur, black worker action may increasingly be channelled through trade unions. The black union movement is still in its infancy, with a *total membership of not much* more than 100,000, but it is likely to grow and the unions may themselves become more militant to retain the support of *black workers.*

Both Government and employers have reached equivocally to the growth of black unions. It is only since May, 1979, when the Wiehahn Commission of Inquiry into labour legislation published its first report, that the idea of recog*nising black workers*, and their unions as part of the formal industrial bargaining system has come to be accepted.

A major reason for the change of heart, apart from international pressures for reform, was that repeated attempts to destroy the movement by banning its leaders—for the last time in 1976—had failed.

Although the Wiehahn proposals were supposed to lay down a clear framework for future conduct of industrial relations, including black unions, the Government has become caught between rival union pressures. On the one hand, Mr. Fanie Botha, the Minister of Manpower, has apparently realised that he has to persuade the black unions to come in from the cold. He therefore backed down on initial decisions to bar migrant workers from union membership and to ban multiracial unions. On the other hand, he faces considerable resistance from the established unions in the all-white South African Confederation of Labour.

That conflict between black and white labour militancy is complicated by uncertainty *within the National Party* Government over whether the aim of the law should be to control potentially subversive unions or provide efficient channels for resolving industrial conflict. There is real concern, both in Government and business, that the black unions will simply become a vehicle for black political aspirations, thwarted in the all-white parliamentary system.

*Trying to reconcile the con*flicting pressure is one reason why the change of heart has been translated into action so slowly and hesitantly. The latest decision to grant three black unions monoracial, rather than multiracial, registration, which has precipitated a threat by the *FOSATU unions* to withdraw, is a typical example.

So far, the independent unions, with the exception of three of the most radical and active (the Western Province General Workers, African Food and Canning Workers and South African Allied Workers), *have agreed to apply for regi*stration as a token of good faith. However, the delays in registration, and continuing concern about Government intentions towards them, mean that they are increasingly inclined to pursue their former strategy of plant-level bargaining, and to seek individual recognition agreements with companies outside the official system.

But if the black unions chose to withdraw from the state system, it would create exactly the situation that Professor Wiehahn was seeking to avoid. It would present the Government with a great temptation to attempt once more to suppress the black unions, rather than incorporate them. Both sides are involved in a game of brinkmanship to postpone that familiar scenario.

**Apartheid and Business, an analysis of the rapidly evolving challenge facing companies with investments in South Africa published by Business International, $1,090.*

Companies edge towards a pragmatic approach

THE GROWING turmoil on the South African labour scene has caused a *startling* reassessment of attitudes in the normally conservative ranks of South African employers.

Leading industrialists and employer organisations have spelt out guidelines for a new and pragmatic response to the growth of black worker militancy, in *stark contrast* to the traditional management reaction of instant dismissal and prosecution of striking workers. While most South African employers remain profoundly dubious about the wisdom of recognising black trade unions, there is clearly a growing debate in their ranks over what their reaction should be.

One of the most outspoken contributions to the debate came last October from Mr. Mike Rosholt, chairman and chief executive of the Barlow Rand *group*, South Africa's largest industrial conglomerate, employing nearly 200,000 workers. In a speech to the Natal Society of Accountants, he spelt out a policy of pragmatic acceptance of black trade unions, whatever their politics, and whether or not *they were formally* registered in the statutory bargaining system.

"We must accept black trade unions as a fact of life," he declared. "They must be seen as bodies which can possibly defuse labour problems. I believe the workers must work out what form of representation they want, and that employers must keep out, and not try to influence their decision."

The company had changed its attitude "in the light of certain experiences," he said. Unregistered unions had been able to prove they were more representative of black workers than the more conservative registered unions. "Our present policy is . . . that we should at all times talk with any unions that approach us, whether they are registered or not."

"Many South African companies do not believe that trade unions at this time in the South African situation are the best answer to employee advancement," according to Mr. Peter Byland, managing director of the Anglo Alpha Cement group. "There is instead a strong tendency to promote liaison/works committees or councils for employees, now that it has become clear that some form of bargaining with a body representative of labour is essential."

The same point is made more strongly by Mr. Loet Douwes Dekker, the chairman of a workers' education organisation. "The great majority of South African management believes that a union is a third party which must not interfere in a relationship between themselves and their workers," he says. "They regard a strike as pathological behaviour,

But the South African Federated Chamber of Industries, *in spite of considerable resist*ance in the ranks of its own members, and especially from its panel of labour experts, has recently published a comprehensive set of guidelines for industrial relations arguing from the same pragmatic position as Mr. Rosholt.

"While every effort should be made to negotiate within the *formal framework set by indus*trial legislation," the Chamber said, "a flexible approach to the development of appropriate institutional structures over time is vitally important. . . . There will be instances in which employers find it necessary to negotiate with unregistered worker groups which are representative of worker interests. . . . Legislative frameworks must not be permitted to obstruct *the* democratic *development* of workers' *organisations*, or to disrupt *bona fide* collective bargaining."

Just how far such pragmatic *thinking* has permeated into South African employer attitudes remains a question. "There is a growing awareness of trade unions at top management level," says Mr. Phiroshaw Camay, general secretary of the *Council of Unions of South* Africa. "But it is not filtering through to middle management and supervisors, who are also under pressure from white workers below them to resist black advancement and preserve the *status quo*."

"The FCI initiative is *to be* welcomed in *theory*," Mr. Douwes Dekker said, "but the *documents* do not fall on the *desks* of the people who should take note.

"You are always going to have your paternalistic-type approach, but if we can produce a couple of case studies with a telling message—agreements we have got going and which can be shown to work—then perhaps the majority might start swinging to the other side."

MEN AND MATTERS

White-collar worker

Britain found an unusual combination in Terry Waite and Leif Leifland to unlock the doors *for the detainees in Iran* who are due to fly home tomorrow.

The 6 ft 6 in, 17-stone Waite, who made his first visit to Tehran as the Archbishop of *Canterbury's personal envoy at* Christmas, impressed Iranian officials and revolutionary guards alike with his imposing bulk and contrasting gentle manner.

Waite admits to a few nervous moments during his weeks of quietly persistent negotiation —but he is no stranger to the world's trouble spots. He was working in Uganda during Amin's coup in 1971 and he was organising a relief programme *in the Southern Sudan* during the civil war there.

Now 41, married with two children, Waite is a churchman in the widest sense of the word with friends of different religions throughout the world.

After his initial work for the Anglican Church in Africa, he was based in Rome for most of the 70's advising the Roman Catholic Church on its missionary work. Dr. Runcie appointed him to the Archbishop's small personal staff at Lambeth Palace shortly after he returned to Britain last year.

Waite is probably even more extensively-travelled than Leifland, the head of the Swedish Foreign Ministry, who pursued the release of the detainees on Britain's behalf through other channels.

Leifland, now back in Stock*holm after several weeks of* largely unpublicised talks in Tehran, is a career diplomat. He joined the Swedish Foreign Service in 1953 and has served in Athens, Bonn and Washington.

His appearances in this country have been fleeting. Though he was feateured in a recent BBC television documentary on Raoul Wallenberg, the Swedish diplomat whose family believe has been a political prisoner in the Soviet Union since 1945.

But Leifland may become a more familiar figure in London *next year. He is strongly* tipped as the next Swedish Ambassador when Per Lind, who currently holds the post, retires.

"To cut a four hour story, the Poles, Yanks and everyone else had better watch it!"

The nose has it

The run-up to the Olney ladies' pancake race next Tuesday does not give me quite the fillip that my man in Brazil seems to be getting from the Mardi Gras preparations there.

"Four days of collective insanity," he chortles with anticipation in an already-garbled message from Sao Paulo. "You have to buy your beer months in advance before the prices go up."

Brazil's carnival is expected to go with more swing than usual this year with the return of the "lanca-perfume" or perfume thrower. These aerosol sprays of brandy and vodka were a popular means of keeping the dancers on their toes in the 1940s and 1950s. The stuff was usually squirted into a handkerchief and sniffed whenever *exhaustion seemed* to be setting in.

A strait-laced Government banned the "perfume" in the early 1960s, creating a profitable business for smugglers who bring it in from Argentina where it is still legal.

But in these more liberal days in Brazil, there is talk of lifting the ban. Brazilian pop star Rita Lee has a hit record extolling the "perfume's delights" and an enterprising Sao Paulo has gone into production on the strength of the song's success.

High hopes

The thing about airships is that, while they reckon to get you there in the end and in a fairly comfortable sort of way, they tend to take rather a long time about it. While British Aerospace roars off within seconds into the share-premium stratosphere, how goes the voyage of Airship Industries, floated—just —as Thermo Skyships in November 1979, bringing to the world its odd blend of modern technology and olde worlde charm?

AI acquired its present shape last year, when ThermoSkyships took over Airship Developments, a private company doing its own lighter-than-air research work but with a rather smaller craft in mind. That smaller ship, the "500" model, is now in prototype stage and, with the help of a few friendly themals, may yet succeed in getting off the ground.

Chairman Malcolm Wren is now in Memphis, Tennessee, on a trip which might just yield the group its first firm order, from U.S. cargo airline Federal Express. While the initial deal may be on the basis of leasing for evaluation, such an expression of interest from a potentially major buyer would help AI close the credibility gap which it faces when it comes to finding the funds for further development and production work.

Apart from FedEx, Britain's Redcoat Air Cargo has also expressed interest in the lighter-than-air vehicles. AI also sees a substantial market in surveillance work—coastguard or radar use, for instance.

Much of the work on the 500 model is bought-in—the engines, for example, are Porsche. If the buyers are there, AI could start production this summer at the rate of eight annually. It now looks fairly likely that the *company will operate from the* RAF's Cardington base in Bedfordshire which, while not tailor-made, would be serviceable and represent a consider*able saving on the £11m* budgeted for construction facilities in the 1979 prospectus.

If AI adopts the accounting year of Airship Developments rather than ThermoSkyships, the new balance-sheet will not be seen for another six months. It seems reasonable to assume, however, that with shareholders' funds of just £1.3m in January, 1980, since enlarged by £1m from major shareholder Euroferries, much money will be needed.

As far as other sources of finance are concerned, it would be difficult to place more equity *without some bankable customer* interest to show. The Government may offer a degree of help —it watches AI with a kindly eye, and encouraged the original merger to concentrate resources.

So, by autumn time, it should be clear whether AI has much further to fly, or whether it has proved to be at once ahead of and behind its time. If all goes well, the mighty 90-knot Skyship carrying 100 passengers over 7,000 kilometres is perhaps another five years away.

On a limb

Michael Foot—a leg-end in his own lifetime!"

Observer

Ray Dafter, Energy Editor, says it would have taken a fertile imagination to predict the present oil market

A world that may be awash with oil

IT SAYS much for the present state of the oil market that hardly a flicker has been registered on the international panic meter in spite of some seemingly disturbing trends.

- Saudi Arabia, the world's leading oil exporter, has warned that it may cut its output by 50 per cent *over the next two years.*
- The war between Iran and Iraq unexpectedly drags on after five months of conflict. Consequently much of their considerable exporting capacity *remains out of use.*
- A number of producers within the Organisation of Petroleum Exporting Countries have cut back international sales while in one of the most important non-OPEC areas—the *North Sea—the rate of production has built up much more slowly than originally envisaged.*
- All *this has become apparent* in the winter period of peak energy demand.

A year or so ago it would have taken an energy forecaster with the most fertile imagination to construct such a bizarre set of *circumstances* and its eventual effect on prices. For, as it stands, spot prices are tumbling and OPEC members are *being forced* to shave premiums on contract supplies. The world seems awash with oil.

Latest industry estimates suggest that the average level of non-Communist world oil demand in this first quarter will not be much above 49.5m-50m barrels a day. This compares *with around 51m b/d in the first* three months of 1980 and a record 53.5m b/d in the first quarter of 1979.

It was that 1979 quarter in particular that sent a shock wave through the energy industry, for the high demand coincided with the loss of exports from a revolution-torn Iran. *The non-Communist world* was forced to draw down stocks by almost 5m b/d.—an unprece*dented rate.*


Mr. James Edwards: savings in oil consumption

DEMAND/SUPPLY FORECAST 1981

	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	Year 1981	Year 1980	Change %
DEMAND* Million barrels daily							
U.S.	17.5	15.5	15.2	16.6	16.2	16.5	−1.8
W. Europe	15.2	13.2	12.2	12.8	13.3	14.0	−5.0
Japan	5.5	4.8	4.3	4.7	4.8	5.0	−4.0
Other	11.8	12.5	13.3	12.9	12.7	13.0	−2.3
Total	50.0	46.0	45.0	47.0	47.0	48.5	−3.0
PRODUCTION *Million barrels daily*							
U.S.	10.3	10.3	10.3	10.3	10.3	10.3	—
W. Europe	2.7	2.7	2.8	2.9	2.8	2.5	+12.0
Mexico	2.1	2.2	2.5	2.6	2.4	2.0	+20.0
Other non-OPEC	6.5	6.5	6.5	6.5	6.5	6.5	—
Net imports from Communist bloc	1.5	1.5	1.5	1.5	1.5	1.5	—
OPEC	24.5	24.0	23.0	23.5	23.8	27.1	−12.2
Total	47.6	47.2	46.6	47.3	47.3	49.9	−5.2
STOCK CHANGE *Million barrels daily*	−2.4	+1.2	+1.6	+0.3	+0.3	+1.4	

* Non-Communist world. *Source: Panmure Gordon & Co.*


Sheikh Yamani: possible base of 5m b/d

So far this winter, the oil market has been bathed in a totally different light. Companies entered the winter with record stocks. The Inter*national Energy Agency flexed* new muscles and urged the industry to use these stocks—*if necessary, to transfer stored* oil from one country to another —in order not to overheat the spot market and push prices higher.

In the event the well-meaning directive has had little effect. The market place, the balance between supply and demand, has pre-empted the need for such *special measures. With demand* so low and production remaining at a higher level than many in the industry had feared the stock draw-down has been very little different from an average winter: an average of 2m to 3m b/d in the present quarter.

The demand side of the equation has clearly been influenced by the *worldwide economic* recession although it would be wrong to consider this in *straight cause-and-effect terms.* It looks to be more of a vicious circle. OPEC tries to maintain real earnings in the face of worldwide inflation and lowered oil consumption, but through *hefty price rises it manages* only to weaken the world economy.

*Other reasons beside the re*cession for depressed oil prices include oil consumers' resistance to higher prices (a side effect of the recession) together with conservation and fuel switching, both of which are now becoming more evident.

The U.S., often maligned for its oil profligacy, has registered a dramatic improvement in its energy balance for all these reasons, and more. In a year-end review the American Petroleum Institute pointed out that the U.S. used 7 per cent *less oil in 1980 than in the* previous year. Imports had hit their lowest point in five years.

Slowly American motorists are beginning to appreciate how little they have been paying for *their petrol in comparison with* the rest of the world. The average pump price may still be low by international standards —around $1.34 per U.S. gallon in mid-February—but this was *still 24 per cent more than the* average at the beginning of last year.

Motorists may have to pay between 10 and 15 cents a gallon more as a result of President Reagan's decision to accelerate the abolition of federal price controls on crude oil, petrol and propane. Mr. James Edwards, the Energy Secretary, says that the higher prices should lead to a possible saving in domestic *oil consumption of between* 50,000 and 100,000 barrels a day.

If the U.S. is demonstrating resistance to rising prices then the UK is illustrating the effects of fuel switching and conservation. Last year the UK consumed 7.4 per cent less energy than in 1979. This was noteworthy in itself but the fall in *oil* demand was even more spectacular: 14.7 per cent down on the 1979 level.

The latest issue of the UK Government's Energy Trends statistical review shows that in the January-November period the demand for fuel oil had dropped 30.8 per cent below the *previous year's level: a reflec*tion of depressed industrial activity, the Central Electricity Generating Board's switch to an increased coal burn, and industry's greater interest in conservation.

Looking ahead, there seems general industry agreement that non-communist world oil demand this year will fall substantially below last year's level, of around 49m b/d, and well *down on the 1979 peak of about* 51.3m b/d. The portents suggest that this year's demand could fall to 48m b/d or even lower; during some summer months demand may be as low as 44m-46m b/d.

Such figures tempt the unwary to speculate about possible oil gluts and falling prices. Events of recent years should be sufficient warning against such dangerous speculation. On the *other hand it is possible to see* this year's supply and demand balance putting considerable strain on OPEC's unity and flexibility.

Not only will the OPEC members be faced with reduced demand but they will have to contend with rising output from *other producers in the West.* Industry analysts believe that non-OPEC production could rise by 1m b/d or even more this year, mainly thanks to activity in the North Sea and in Mexico.

Consequently, during the summer months the 13 OPEC members may have to pare their *combined production level down* to only 22m-24m barrels a day —a far cry from the average output of 30m-31m b/d sustained in recent years. Inevitably much of OPEC's production capacity will have to be shut down. According to the U.S. Central Intelligence Agency's January International Energy Statistical Review, OPEC members can sustain a production rate of 34.7m b/d from an installed capacity of 41.4m b/d.

If Iran and Iraq keep fighting each other, the other 11 OPEC members may not have to worry too much about production cuts. The CIA reckons that Iran and Iraq could each produce 3.5m b/d, given peace and freedom to operate.

However, the ability of Iran and Iraq to maintain a substantial level of production and exports even in the midst of fighting has surprised many industry analysts and complicated the overall supply and demand equation. Exact figures are hard to come by, but it seems that the two warring Gulf *States may now be producing* between 2.5m and 3m b/d.

With Saudi Arabia still main*taining its above-average output* of 10.3m b/d and with overall demand so depressed it is hardly surprising that prices have begun to weaken.

At the end of last week the spot market price for a cargo of Middle East crude, similar to Saudi Arabia's light grade, was said to be around $36.50—some $3 less than in December and only 50 cents above the "deemed marker" *reference* price fixed by OPEC at its meeting in Bali. North Sea oil is now valued at $37.50 a barrel on the *spot market, again well down on December levels and a full $1.75* a barrel less than the contract rate for Forties Field crude.

All this seems to augur well for prices during 1981.

And yet the uneasy truth *remains that no one can* be certain. So much depends on whether or not Iran and Iraq can maintain their oil output, on whether other members of OPEC can fine-tune their production levels to keep in step *with demand, and—in particular*—on the future production strategy of Saudi Arabia.

There are two schools of thought about Saudi Arabia's possible action. The kingdom could keep pumping out oil at 10.3m b/d and thwart any attempt by other OPEC producers to raise prices again this year. Hypothesising further on these lines, Saudi Arabia might add $2 a barrel to the price of *its light crude this summer and* a further $2 at the end of the year. Such tidy action would bring the price of the kingdom's light crude—traditionally used as a reference—in line with the $36 a barrel "deemed marker" price and would provide the semblance of a unified pricing structure on which to build next year.

Conversely, economic and political pressures may soon force Saudi Arabia to begin cutting its output towards the posible base of 5m b/d being *talked about by Sheikh Yamani,* its oil minister, a few weeks ago. Such a move would squeeze the four main recipients of Saudi crude—Exxon, Standard Oil of California, Texaco and Mobil—but, far more seriously, it might re-create a tight oil market in which the West would again be vulnerable to unexpected supply interruptions.

Letters to the Editor

Central energy board

From Mr. R. Boam

Sir,—The Central Electricity Generating Board complains if it was not allowed to import steam coal, the National Coal Board would behave as a complete monopoly. The CEGB is precisely that for the vast *majority of consumers: its tariff* increases have not reflected temporarily cheap coal imports.

The taxpayer and consumer might obtain far better advantage of the UK storehouse of natural energy, the envy of all other industrialised countries, by closly linked management within one consolidated board. I believe this was recommended years ago by Lord Robens who argued that such a combined energy board could reduce costs for UK industrial and domestic consumers supported to a large extent by exports at world market prices.

It would of course mean Government direction and intervention of the private and public sector but are we not having this anyhow at this moment in a crisis atmosphere?

Oil and gas would have to support temporarily higher domestic coal production costs but by way of high oil and gas taxation, they are doing so anyhow.

Within the overall energy *production picture 23 or even* 50 so called uneconomic pits would not need to be wastefully and prematurely closed—no natural resources are uneconomic until exhausted—the expenditure for needless imports is a waste as also the cost of managements permanently locked in conflict with each other.

Cheap energy at home and exports at world market prices by one central energy board would also support many other British industries, such as specially the chemical *industry,* who would once again become competitive with great benefit *for the employment situation.*

R. W. Boam.
E.A.S. (Coal),
99, Eaton Terrace, SW1.

Future nuclear development

From Mr. A. Palmer, MP

Sir,—I was chairman of the old Select Committee on Science and Technology with its Labour majority and am *vice-chairman* of the present Select Committee on Energy with its Conservative *majority.* Throughout my working life I have been closely connected with the affairs of the electricity supply industry. Hence I am startled to note your leading article (February 19) accusing both the former and the *present committee* of "dislike and distrust of the electricity supply industry."

I am sorry to have to say this but the difficulty is that my industry has shown itself incapable over the years of presenting a united view on *reactor* development to Parliament and governments. For instance, *when in the* 1970s the Science and Technology Select Committee looked into further British reactor development, the Central Electricity Generating Board came out strongly for a large programme of pressurised water *reactors: the other* generating authority, the South of Scotland Electricity Board, *was strongly* against the PWR and argued for the adoption of the steam generating heavy water reactor. Since *Select* Committees are obliged to base their reports on evidence submitted, *the dilemma of MPs in* such circumstances is obvious. Incidentally, the former Select *Committee did not recommend* the SGHWR. We went no further than observing that the case *for abandoning the gas-cooled* technology on which so much public money had been spent and substituting for the future the American PWR technology, had not been made out on the evidence then submitted.

Parliamentary procedure does not allow for minority reports from Select Committees but there were, in fact, strong and understandable differences of opinion within the committee, *some of which will be revealed* by inspection of the published Minutes. In making its first *report the new Select Committee* on Energy took on the task of examining in detail the Government's proposals for future nuclear development: a task which the House as a whole has no time to perform. We worked very long hours and were aided by an extremely capable team of engineers and economists.

Would it not therefore have been more in keeping with the responsibilities of a great public corporation such as the CEGB if, instead of reacting within a matter of hours angrily with a *preposterous statement that the* Select Committee had failed to "understand" the basis of the industry's *strategy,* it reserved its view until its own experts had examined the serious and well meant criticisms and doubts expressed in the report? I say this as a firm friend of the electricity supply industry.

Arthur Palmer.
House of Commons, SW1.

Pensions and inflation

From Mr. D. Payne

Sir,—While in agreement with *Mr. Harris's support for the* Scott report (Lombard, February 13) his analysis is faulty in his calculated *examples.* The inflation-adjusted interest rate for a "real" rate of interest of 3 per cent and 10 per cent inflation is 13.3 per cent, not 13 per cent. The coupon rate on an index-linked capital is 3 per cent if interest is calculated after indexation, or 3.3 per cent if interest is calculated before *indexation, the results being* identical. Inflation-adjustment of the nominal interest rate (to 13.3 per cent) also yields an identical result—providing the first 10 points of interest are tax-deductible. They represent an early part-repayment of capital, not income.

Under our simplistic tax *structure this capital element is* liable to income tax, generating an effective marginal rate of tax of 121 per cent at basic rate (£13.30 × 30 per cent + £3.30 × 100 per cent), rising to 302 per cent for surcharged top rate taxpayers. Under these circumstances it is not surprising that index-linked bonds must be *restricted by age and by value* lest sub-postmasters be killed in the rush. Index-linking just maintains the real value of the capital, yielding zero income: an effective rate of tax of a mere 100 per cent.

Since *Her Majesty's Govern*ment makes the rules by which we are taxed, and is sole and arbitrary *inflator of our cur*rency, Treasury and Exchequer stocks should properly be described as "guilt-edged" securities. Certainly we should doubt the wisdom of permitting taxing "authorities" and monetary "authorities" to be one and the same

Pension funds are tax-exempt, which makes them well placed to entirely mitigate the effects *of inflation upon nominal capi*tal values, being neither liable to income tax on capital repay*ments implicit in the high* nominal inflation-adjusted interest rates, nor tax on capital gains, whether real or imaginary. The premium payable for inflation-proofing of actuarially correct starting pensions is, of course, nil. The real question, already asked, but as yet unanswered, is: Why are not all private pensions inflation proofed? I suspect that sometime soon most pension funds will start "discovering" vast actuarial surpluses generated by underpaying current pensioners. How will they be distributed, I wonder?

D. G. Payne.
121 Doncaster Road,
Conisbrough,
South Yorkshire.

Relations with Europe

From Mr. R. Kitzinger

Sir,—Mr. Bryan Rigby (February 20) assures us that the Confederation of British Industry is not disenchanted with the EEC. As he is its deputy director-general his statement must be accepted as authentic. The dismal performance, however, put up by UK manufacturing in*dustry against EEC competition* (a small surplus in our trade in manufactured goods with the six before entry turned into a deficit of over £4bn in 1979 and only slightly less in 1980), must have resulted in considerable disenchantment among CBI members.

Mr. Rigby claims that the UK is sending 45 per cent of its visible exports to the EEC. This figure includes large quantities *of North Sea oil which could be* exported to the EEC, or almost anywhere else, whether or not *we were members.*

It would be sound policy to use North Sea oil revenue to build up manufacturing industry so that it could compete with EEC members and others in the 1990s when North Sea oil production will be declining, but such action would be a breach of EEC rules. If Mr. *Rigby had the interests of CBI* members at heart he would be supporting Mr. Teddy Taylor's campaign. The EEC will not be reformed without a credible threat of withdrawal.

In view of our adverse trade in manufactured goods, referred to above, it would be possible to negotiate withdrawal on terms which would ensure continued access to EEC markets for our manufactured goods for an unlimited period.

R. Kitzinger.
31, Oakwood Court, W14

Exports to the EEC

From Mr. J. Bourlet

Sir, — Replying to Teddy Taylor MP, Mr. Bryan Rigby the deputy director of the Confederation of British Industry, *(Feb 20) points out that 45 per* cent of Britain's visible exports go to the EEC and asserts that there is no realistic alternative to membership (of the EEC under existing arrangements) in a world where protectionism is growing. This is an often heard "scare statement" which must be nailed if we are not to be seriously misled.

If the world is growing more *protectionist, it is the EEC itself* which is at least leading, if not actually causing that movement. *Talk of restrictions on textiles,* cars, chemicals and so on through the EEC are added to *the sheer brutality of the com*mon agricultural policy.

Britain would not, by any *realistic asessment lose the* "45 per cent of visible exports" which currently go to the EEC. During 1980 over a quarter of these exports were oil (and in 1981 probably this will rise to one third) which the EEC needs and which could, in any case be sold elsewhere. Our exports to the EEC were rising for many years before we joined and membership has not made that much difference to that trend. Other EFTA countries which did not become full members of the EEC were not illogically penalised. The most important reason, however, why the EEC will remain a market for British goods, whatever our relationship is with the other members, is that Britain is a *major market for EEC goods— taking over £16bn worth in 1980.*

James Y. Bourlet.
City of London Polytechnic,
School of Business Studies,
84 Moorgate, EC2.

Conflicting advice

From Mr. R. Smalley

Sir,—What a depressing state of affairs. You publish (February 17) submissions from two eminent economists, each presenting his professional advice on the future management of the economy. The one recommends a fiscal move that would reduce indirect taxes by £4bn to £5bn, the other thought that fiscal policy should be tightened by £2bn. If such inconsistency *between fellow professionals* were not serious, it would be laughable. But it is clearly *serious in that it demonstrates* the hollowness of the economist's claim to expert status in questions of economic management.

With such disparity it seems unlikely that economic criteria exist upon which a sound economic decision can be made. Thus the decision must be *resolved on political grounds, by* politicians wearing economists' hats.

But what has happened to the study of economics that such a situation can arise, that no economic solution can be found to an economic problem? It is my belief that the explanation lies in the naive application by economists of naive assumptions. Underlying any economic theory, and any economist's reputations, are assumptions such as "all people behave at all times maximising their economic self-interest" or "all firms' prices are set at their marginal cost." While such hypotheses may make *for elegant mathematical models,* they lead to very inelegant human tragedies.

The non-expert has great difficulty in getting an economist to own up to his basic assumptions, and even greater difficulty *in getting him to challenge and* modify them. But until we do, we shall continue to be confronted with *conflicting and* ultimately useless economic advice.

Roger Smalley.
Harbridge House Europe,
3, Hanover Square, W1.

Today's Events

GENERAL

UK: Unemployment and unfilled vacancies February provisional figures.

Mr. David Howell, Energy Secretary, speaks at lunch of British Institute of Management, Great Eastern Hotel, EC, 12.30 pm.

Mr. Gerald Kaufman, *Environment Shadow Spokes*man, addresses Labour Party housing crisis meeting, Eastcote Lane, Harrow, 8 pm.

Statement on Birmingham airport's new terminal transport link.

Launch of Ideas and Resources Exchange, Press Centre, Shoe Lane, London.

Institution of Mechanical Engineers two-day conference opens on process plant technology, 1 Birdcage Walk, SW1.

The Queen holds investiture at Buckingham Palace.

Prince of Wales visits Foreign and Commonwealth Office, London, SW1.

Overseas: European Commission President Gaston Thorn meets Greek leaders on his maiden trip around European capitals.

China-Japan talks on cancelled contracts and compensation, Tokyo.

Second and final day of EEC Agriculture Ministers meeting in Brussels to consider price proposals.

Pope John Paul calls on Emperor Hirohito, Tokyo.

Soviet Communist Party Congress continues in Moscow.

PARLIAMENTARY BUSINESS

House of Commons: Social Security Bill, second reading. EEC medical dental and nursing linguistic Order.

House of Lords: Iron and Steel (Borrowing Powers) Bill, second reading and committee. Matrimonial Homes (Family Protection) Bill, second reading. Various Orders. *Shipbuilding Redundancy Payments Scheme* Orders. Pet Animals Act 1951 (Amendment) Bill. Short debate on problems of Hong Kong.

Select Committees: Employment. Subject: Homeworking. Witnesses: Department of Employment (4 pm, Room 6). Procedure (Supply). Subject: Supply procedure. Witnesses: Treasury *officials* (4.15 pm, *Room* 15). Transport. Subject: Transportation in London. Witnesses: GLC (4.15 pm, Room 17).

COMPANY MEETINGS

Burco Dean, Great Eastern Hotel, EC, 12. Cronite Group, FAAI, Montgomery Street, Birmingham, 11. McMullen and Sons, 25 Old Cross, Hereford, 12.30.

Hoover £2.75m in the red—dividend halved

A FINAL quarter turnround of £4.84m to a loss of £2.6m has left Hoover with a pre-tax loss of £2.75m for 1980, compared with a £1.86m profit. And the dividend has been halved to 6p net per 25p share with a 2p final.

Sales for the three months were up slightly to £55m (£54.38m) leaving the full figure at £206.7m (£203.7m).

There was a profit of £1.56m at the six months stage, against a £981,000 deficit, but this turned into a £156,000 (£383,000) loss after nine months.

The directors anticipate that trading conditions will remain difficult in the first half of the current year. They add, however, that the range of automatic washing machines continues to receive excellent support from UK customers and that the group remains market leader in the UK for both laundry and floor care products.

A range of home security products has been recently introduced, and there are plans for the introduction of other new products later this year.

The group will also continue to achieve further productivity improvements in its UK operations, although the real benefits of these will not be gained until there is a return to full-time working in all the group's factories.

The year's trading loss, of £1.38m (£3.06m profit), was split as to Hoover Limited £831,000 (£2.4m profit), and 50 per cent of Hoover (Holland) BV £550,000 (£658,000 profit).

Pre-tax figure included exchange losses of £1.37m (£1.2m) arising on the translation of liabilities and current assets.

The loss per 25p "A" share is given as 21p against 5p earnings.

Adjusted on a CCA basis the loss before tax increased to £12.29m (£5.53m).

Consumer demand remained flat and price competition was severe in the UK and the rest of Europe due to the general economic conditions, the directors explain.

The directors point out that a number of actions taken during the year, to restore future profitability and economic well-being, will reduce inventories, which increased in 1980, and also reduce borrowing levels.

They add, however, that costs associated with redundancies and short-time working in the UK factories had an adverse effect on profits.

	1980 £000	1979 £000
Sales	207,744	203,666
Trading loss	1,381	*3,058
Limited loss	831	*2,400
Holland loss	550	*658
Exchange losses	1,373	1,196
Pre-tax loss	2,754	*1,862
Tax†	1,370	878
Release‡	2,092	126
Making loss	2,032	*1,110
Dividends	1,191	2,382

* Profit. † Comprising UK £510,000 (£1.12m), foreign £879,000 (£809,000), Hoover (Holland) £159,000 (£29,000), transfer to deferred tax £42,000 (£981,000 transfer from), less prior year's adjustment £220,000 (£99,000). ‡ From Hoover (Holland) reserves.

Tax charge has been made in accordance with SSAP 15 and assumes that the stock relief provisions will be implemented. If tax had been adjusted to a full provision basis to include all deferred tax, but excluding the ACT write-off on dividends paid, there would have been a tax credit for the year of £7.5m (£1.8m charge).

See Lex

HIGHLIGHTS

Lex looks at the unexpectedly poor figures from Hoover. The company has produced a £2.6m loss for the year as a result of stiff competition and slack demand in the UK and Europe. In contrast Nottingham Manufacturing surprised the City with some solid figures for a company in the textile sector. Also on the company front Lex considers the developments at Duport where the shares were suspended yesterday pending publication of an agreement reached with the British Steel Corporation which should help the company out of its financial difficulties. Finally Lex considers the consequences of the bid for UDT by the TSB which closes this week.

Rosehaugh's all-round improvement

PRE-TAX profits of Rosehaugh Company show a substantial increase from £282,000 to £1.82m for the six months to December 30, 1980. Turnover soared from £1.26m to £10.67m.

There was a tax credit this time of £202,000 (£148,000 charge), and after minorities of £328,000 (nil) and gains on the disposal of long-term investments, attributable profits came out at £1.71m (£179,000). Operating profit was up from £203,000 to £1.75m. Share of profits of associates was £66,000 (£79,000).

Stated earnings per 10p share have increased from 3.38p to 30.32p. Last year's dividend was 2.1p from pre-tax profits of £3.04m.

In connection with certain acquisitions made by the group in 1980, 109m ordinary shares were isued ranking pari passu with those already in issue. The premium arising on these shares was £1.67m which has been credited to the share premium account.

Tax boosts Alexanders Holdings

PRE-TAX profits of Alexanders Holdings, Scotland's largest Ford main dealer, fell from £463,000 to £416,000 in the year to September 30, 1980. Turnover, however, was £8m higher at £38.1m. The company plans a one-for-four scrip issue. Again no dividend is payable.

After adding back a tax credit of £308,000 (£242,000 charge) and extraordinary items amounting to £174,000 (£280,000), group profit is £898,000 (£501,000).

Stated earnings per 10p share are 3.67p compared with 1.07p.

● comment

Shares in Alexanders Holdings moved up 2p to 12½p yesterday on the back of a decline in pre-tax profits and a scrip issue instead of a dividend payment. It is true that given the shape of the motor dealers' sector any profits are worth noting, but a closer examination of the group's p & l account revelas that its high below-the-line numbers have little to do with actual trading. The company has piled tax credits and property sales into the accounts to produce a better after-tax figure. Above the line, interest charges were up £½m as a result of the high cost of money and the opening of two new depots. In addition, the absence of disruptive strikes such as the lorry drivers and the Scottish new car deliverers—factors which shaved earnings off 1979 figures—should have meant a better showing in the 1980 set of results. But the trade is not buoyant. The earnings multiple of nearly 13 on a full tax charge compares with an actual charge p/e of just 3.3, not very pricey.

Weber Hldgs. rises and pays above forecast

The rise in profits seen by Weber Holdings at mid-year continued in the second six months and for the year to end-December, 1980, this investment and property holding company earned a taxable surplus of £160,525, compared with £142,255. Midway pre-tax profits were up from £65,384 to £78,454.

The final dividend is being stepped up from 11p to 15p, which makes a total of 17p net against 13p.

Tax for the year took £74,649 (£66,496).

In an interim statement the directors said they expected to maintain the final dividend at the previous year's level.

Thames Inv. funding

Thames Investment and Securities, the property development and investment company which recently joined the USM, has concluded a £2.1m 20 year funding arrangement with Sun Life of Canada.

The first portion of the loan, amounting to nearly £600,000, has been drawn down. This is secured on the freehold of 76/79 Charlotte Street, which is let to Saatchi and Saatchi, the advertising agency, until 2002 with a rent review in June 1981.

The remainder of the loan will be secured on the commercial portion of the company's major shop, office and residential property at Buckingham Court, 75/83 Buckingham Gate, SW9.

FOREIGNERS GET 5.2M BR. AERO

The number of shares of British Aerospace allotted to foreigners was 5.2m out of a total issue of 100m shares. No applications for registration in respect of foreign-held shares have been received so far.

HAY'S WHARF

The Proprietors of Hay's Wharf has been renamed Hays Group.

● BARKER AND DOBSON £1.45m RIGHTS ISSUE

Seeing a chink of light

BY ANDREW FISHER

Barker and Dobson, the troubled confectionery company which hopes to emerge with a profit at the end of the current year, plans to make a £1.45m rights issue. But because its shares are below their nominal value, it is having to reduce its capital and create new "A" ordinary shares of 1p for the purposes of the issue. At the same time, the Irish Government has agreed to inject over I£300,000 (£229,000) into its Lemon and Company subsidiary, which has recently been a heavy loser. For the full year to March 31, 1981, Mr. Ronald Aitken, chairman of Barker, is forecasting a profit after losses of nearly £500,000 in the previous period. Barker plans to bring down the nominal value of its ordinary shares from 20p to 1p. Before news of the rights issue, the shares stood at around 16p in the market. It will also create new "A" ordinary shares and offer these to shareholders at 2p each on the basis of three for every ordinary unit held. Once the rights issue is through, the "A" shares will be converted into ordinary 1p shares, leaving a uniform class of shares in the company. The rights issue is not being underwritten.

Shareholders in Barker and Dobson have been shown a chink of light at the end of the tunnel while being asked to stump up a further £1.45m to help keep the confectionery company going.

And in case they have any doubts that the money is really needed, the formal rights issue document states ominously that if the full proceeds do not come in, "a further contraction of the group will be inevitable."

With Barker's share below par, the company is having to write down its capital and issue new "A" ordinary shares in order to make its rights issue.

The money is needed, said Mr. Ronald Aitken, the chairman, to cut the over-reliance on bank support and help finance expansion. He details how losses of £7.2m in the two financial years to 1976 drained the company's resources, while repayments of £800,000 were also made to holders of loan stock.

For a long time, headdede, there had not been enough investment in product development, advertising, and new plant and premises, all of which had held the company back.

At present, the company—best known for its Victory V and Hacks medicated lozenges—has bank overdrafts of around £2.66m and unsecured loan stocks totalling over £1.3m. With the rights issue funds, working capital will be brought up to adequate levels.

The hope held out to shareholders, of which Electra Investment Trust is the largest with 7.8 per cent, is of a return to profit for the full 1980-81 financial year.

Meanwhile, its Irish subsidiary has begun to turn round from a lengthy period in the red, with a helping hand from the Irish Government.

For the second half of the financial year to March 31 this year, Mr. Aitken is forecasting a group profit of at least £240,000 after interest charges of £276,000. This is before an estimated deficit of £38,000 for exchange losses, tax, extraordinary items and the results of businesses discontinued.

On the same basis, a loss of £140,000 was made in the first six months and one of £464,000 in the whole of 1979-80. Lemon, the Irish subsidiary lost £382,000 before tax and extraordinary items, between April 1979 and October 1980.

Through grants and loans, the Irish Development Authority and Foir Teoranta, both agencies of the Government, have committed over IR £300,000 (£229,000) to Lemon.

Mr. Aitken said that productivity of Lemon had improved and a profit was now being made there. Barker has capitalised £200,000 of loans due from Lemon and now feels that the subsidiary can manage without further financial support.

Barker and Dobson is now down to its confectionery and retailing business, having sold its Oakeshotts grocery business and the Roger Grayson wine merchants.

Mr. Aitken said that the Lewis-Meeson retail side—sweets, newspapers and tobacco—was now "working rather well," while the confectionery business was also doing better than the general state of the industry might lead one to believe.

It will, however, take a fairly prolonged period of prosperity for the company to remove memories of its chequered history during the 1970s.

Barker was plagued by various splits in its boardroom, and its activities were dominated by the presence of the controversial Mr. Walter McPhail, the former chairman who resigned early in 1970.

Not long afterwards, he unseated the whole Board and installed himself and two colleagues. But the company's affairs remained turbulent and he finally left in 1975.

Barker's product range now spans the medicated Victory V, Hacks, and Breezer lozenges, sugar confectionery and the high quality Charbonnel et Walker chocolates.

Shareholders were offered a special price on the chocolates for the Christmas season. Whether they will find the rights issue equally tempting remains to be seen, though the shares inched up 1½p yesterday to 17½p.

Nottingham Mnfg. down but pays more

ALTHOUGH second-half profits went ahead slightly from £10.79m to £10.96m, Nottingham Manufacturing Company finished 1980 with taxable profits behind at £15m, compared with £16.84m. The dividend, however, is lifted from 3.75p to 4p net per 25p share with a final of 3p.

Turnover of the group—its main customer is Marks and Spencer—expanded by £10.44m to £173.86m.

At the interim stage, with profits having dropped to £4.06m (£6.05m), the directors explained that particularly difficult trading conditions were experienced in the second quarter of the year.

Pre-tax surplus for the year was struck after depreciation of £4.45m (£3.79m), loan stock interest £628,000 (£655,000) but included investment income up from £3.21m to £4.13m.

After tax of £3.45m (£5.04m)—after adjustments relating to prior years of £171,000 (£22,000)—net profits came through at £11.56m against £11.8m, of which dividends will absorb £2.8m (£2.61m).

Earnings per share are shown as 16.53p (16.92p) basic and 14.97p (15.28p) fully diluted.

On a CCA basis pre-tax profits are reduced to £10.72m. Group balance sheet, as at December 31, shows shareholders' funds of £69.8m (£60.77m), and cash and investments of £46.39m (£38.17m).

	1980 £000	1979 £000
Sales	173,855	163,411
Trading profit	15,970	18,069
Depreciation	4,454	3,792
Investment inc.	4,162	3,214
Loan interest	628	655
Pre-tax profit	15,014	16,836
Tax	3,450	5,041
Available	11,564	11,795
Dividends	2,798	2,614
Leaving	8,766	9,181

See Lex

Textile losses cut into Mountleigh Group's profits

A FALL of £18,000 to £217,000 in pre-tax profits is reported by Mountleigh Group, worsted manufacturer and property investment and development company, for the six months to October 31, 1980. Turnover was down from £3.45m to £2.1m, which includes property sales of £946,000 compared with £2.12m.

Mr. Ernest Hall says the company has maintained its expansion in the property division and profits of £241,000 have been earned both from a successful development programme and also from a considerable increase in rental income.

He says the policy of retaining, wherever appropriate, completed developments for the investment portfolio has led to income from this source already being twice that of the whole of 1979-80, and it will make a further contribution to future earnings and asset growth.

A professional property revaluation will be carried out on April 30, and the Board is confident that this will show a significant surplus over book value.

Very difficult trading conditions in textiles have led to disappointing results in this division and the Board is further reducing involvement in this field. This division had losses of £24,000 (£77,000) after crediting £96,000 in respect of leasing charges.

The company is paying an initial interim dividend of 1p, and it is the Board's intention that the total for the year will not be less than last year's 3p.

The half-yearly pre-tax figure was struck after depreciation virtually unchanged at £45,000 (£44,000) and interest charges lower at £222,000 (£284,000). There was again no tax charge.

The retention of some developments for investment inevitably affects turnover and trading profit. However, the benefit of this policy is already being reflected in increased rental earnings and this trend will be maintained in second half.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Charles Baynes	0.85	April 30	0.6	1.25	1
Channel Islands Intl.	‡37.5	April 22	30	37.5	30
English & Scot. Invs. 2nd int.	1.2	April 3	*1.13	1.8	*1.63
Hoover	2	April 15	6.39	6	12
Inv. Tst. Guernsey	‡7	May 1	6.5	11	10
Jos Holdings int.	1.08	April 3	1	—	¶3.55
Mountleigh Group int.	1	May 1	—	—	3
Nottingham Mfg.	3	July 1	2.75	4	3.75
Temple Bar Inv.	5.2	Mar. 31	§4.75	7.7	§7
Weber Hldgs.	15	—	11	17	13

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Includes special non-recurring payment of 0.368p. ¶ Includes special non-recurring payment of 0.3p.

York Spinners dealings resume

Dealings in the shares of the enlarged Yorkshire Fine Woollen Spinners group are expected to resume next Monday. The listing for the group's ordinary and 5 per cent preference shares were suspended on January 9 pending publication of details of the acquisition of A. W. Fabrics from Cope Sportswear, which went into receivership in the middle of December.

Yorkshire Spinners is paying £1.4m for A.W. Its chairman under Cope's ownership was Mr. Tom Ashdown who joined the board of Yorkshire Spinners in November 1979 and became an executive director on January 9. A sum of £750,000 is payable on completion of the A.W. purchase, of which £560,000 is to be financed by way of a rights issue of 11 per cent convertible preference shares, the balance coming from bank facilities.

Yorkshire Spinners has called an extraordinary meeting for this Friday to approve the acquisition and the rights issue. Application will be made to the Stock Exchange tomorrow for a listing for the convertible preference shares and a re-listing for the ordinary shares and 3.5 per cent preference shares.

The enlarged Yorkshire Spinners group will comprise four divisions—woollen yarn spinning through John Woodhead, which currently accounts for a substantial proportion of group turnover; wall coverings, through Wall Luxury which has manufactured a product consisting of yarn bonded to a wallpaper base since January 1, 1980; and the pile fabrics and upholstered fabrics businesses of A.W. These latter two divisions will in future account for a major proportion of the group's turnover.

Earlier this year Yorkshire Spinners reported an increased loss of £291,000 (£56,000) for the year. But the directors are optimistic about the current year on the basis of present order book levels and production.

For A.W., management accounts indicated that it was trading profitably at the time of the receiver's appointment. Turnover of £5m is forecast for 1981 and an acceptable level of profitability is expected to be achieved.

Yorkshire Spinners omitted its dividend last year but with "confidence in the prospects of the enlarged group" the directors hope to return to the dividend list this year. Assets are standing at around 40p to 45p per share.

SPAIN

February 20	Price %	+ or −
Banco Bilbao	283	
Banco Central	323	
Banco Exterior	258	
Banco Hispano	265	
Banco Ind. Cat.	125	+1
Banco Madrid	141	
Banco Santander	332	−2
Banco Urquijo	183	+2
Banco Vizcaya	310	
Banco Zaragoza	232	
Dragados	124	+1
Espanola Zinc	57	
Fecsa	58.2	−0.5
Gal. Preciados	33.5	−0.5
Hidrola	65	−0.7
Iberduero	58.2	−0.5
Petroleos	89.2	+1.0
Petroliber	70	
Sogefisa	102	
Telefonica	61.7	
Union Elect.	63.7	−0.3

BIDS AND DEALS

Bierbaum to retain its holding in R. P. Martin

THE PARTNERS of Bierbaum, German foreign exchange dealers, are contemplating seeking a quotation for their business on the London stock market.

However, the Bierbaum partners, meeting last weekend with their advisors and associates in Nice, decided not to sell their 29.9 per cent stake in money broker R. P. Martin for the time being.

Last month, Martin broke off talks with Bierbaum aimed at developing a permanent relationship saying that it objected to Mr. Tom Whyte being a member of the Bierbaum investment group.

Mr. Whyte, former chairman of Triumph Investment Trust, which crashed in 1974, was the one who suggested to Bierbaum last autumn that it take a stake in Martin. In return, he has held 7.45 per cent of Martin shares while Bierbaum holds 15 per cent and another associate holds 7.45 per cent.

Martin shares had climbed from a low of 30p last year to 100p when Bierbaum acquired its stake in November and 148p on the announcement of the termination of talks. Martin recently reported a 150 per cent rise in first half profit and the shares stood last night at 160p unchanged.

Mr. Wolfgang Strück, one of the Bierbaum partners, said yesterday that a London listing was one of my ideas the group discussed over the weekend.

He said he still hoped for a solution to the impasse with R. P. Martin and noted that, in any event, it would not be very easy to sell the shares because the market is thin. Martin directors hold slightly more than 20 per cent and Touche, Remnant bought 19.8 per cent of the shares for its investment trusts in December.

"We will just leave it be," Mr. Strück said. "Maybe they (Martin) will change their minds. We can't force them but we hope they will see what is good for everyone. Of course, in the meantime other things can happen."

He said Bierbaum had been approached by other potential London partners and was examining them.

He acknowledged that Mr. Whyte had attended the Nice meeting but insisted that he would not be involved in any of Bierbaum's future plans, either with Martin or anyone else. Nor would Mr. Whyte be represented by Bierbaum.

Mr. P. J. Watling, managing director of Martin, said the company had had no contact with Bierbaum since January 30 when the two groups ceased trading together.

Touche, Remnant refused to coment.

HOWARD MACH.

Howard Machinery, the agricultural equipment manufacturer, confirms that Diamond Industries Inc. of Wilmington, Delaware, has acquired a further 500,000 shares and now also holds an irrevocable proxy for a period of six months to vote in respect of a further 2m shares in Howard.

Marlborough Securities has agreed to dispose of 1.3m shares in Howard. Marlborough concluded a deal for the disposal of its stake with Diamond earlier this week.

Diamond's stake now stands at 16.7 per cent in Howard.

SHARE STAKES

Mainline Electronic — Shay Ltd., holds 3,857,335 preferred and 334,000 ordinary and Exton Establishment holds 1,165 preferred and 334,000 ordinary. The shareholdings were acquired from Antony Gibbs and as a result, Agim no longer holds any shares in Mainline on behalf of either itself or its clients.

Findlay Hardware Group—Ferguson Industrial Holdings now owns 364,500 ordinary shares (6.1 per cent).

Norton and Wright Group — Scottish American Investment purchased 254,000 ordinary shares on February 13, increasing its holding to 411,500 shares (7.3 per cent).

Old Swan Hotel (Harrogate)—Queens Moat Houses has sold 250,000 shares in the company and now holds 124,500 shares (4.98 per cent).

Central Manufacturing and Trading Group—Caparo Group acquired 650,000 shares on February 20 at 55p, making its holding 12,438,302 shares (47 per cent).

Sumrie Clothes—H. M. Ross has increased his holding to 295,000 shares (11.8 per cent).

Transparent Paper — Lanes Ltd. acquired 1m shares (13.7 per cent) on February 20.

Press interest in French Kier

WILLIAM PRESS, the mechanical engineering contractor, has acquired 700,000 shares in French Kier Holdings, the civil engineering group.

The purchases have given Press a stake of around 1.5 per cent in French Kier.

The deals were announced by French Kier, which said yesterday that its inquiries had revealed that up to January 27, 1981 700,000 ordinary shares had been purchased in the company registered in the name of Shaanco Nominees.

The shares were held for Falmouth Investments of which nominee name, William Press Investments, was the beneficial owner.

On the Stock Exchange yesterday French Kier's shares were unchanged at 49p.

Mr. John Motto, French Kier's chairman, and his counterpart at William Press, Mr. William Hawken, had a "confidential" meeting last Friday.

Asked whether it planned to mount a takeover bid for French Kier, William Press said yesterday: "It is a normal trade investment. We have been dealing in the shares for some time. The stake may be a little higher than that reported, but we have no plans to increase the stake sharply."

TRUST SECURITIES' DEAL CONFIRMED

Dealings in Trust Securities on the Unlisted Securities Market will begin again this morning on confirmation of the acquisition of the W. W. Drinkwater properties and the proposed sale of its waste and ballast businesses.

The properties acquired have still to be revalued, the company said yesterday. Until then, the overall effect of the transactions on Trust Securities' balance sheet will be "negligible" apart from a small capital gains tax liability.

Under the deal Trust paid £75,000 for a company which controls Drinkwater and took over what are described as "matching assets and liabilities" of £3.3m, most of which will be "eradicated" on the sale of the trading businesses.

The properties to be held include 247 acres of development land near Heathrow airport.

ANOTHER LETTER TO FRASER STAFF

Lonrho plans to issue another letter to House of Fraser employees as part of its campaign to take over the Fraser group.

The move is designed to counter criticisms of Lonrho's trading record made by Fraser executives to their employees last week.

Meanwhile, a major defence document prepared by House of Fraser, which has rejected the Lonrho 150p cash offer as "totally unacceptable," is expected to be sent to shareholders this Thursday.

COMM'L. & INDL./ MIDAS COMPUTER

Commercial and Industrial Securities, industrial holding concern, has acquired a majority share interest in Midas Computer Services, of Steyning, West Sussex, the UK concessionaire for the Japanese Sord range of small computer systems.

The directors say the objective of the acquisition is to bring together a substantial private investment group and a leading company in the small computer field, in order to develop an increasing share of the UK market.

NO PROBE

The proposed merger of Georgia Pacific Corporation and Inveresk Group is not to be referred to the Monopolies Commission.

Anglo-Indo has no desire to own all of Eva Inds.

IN A letter to shareholders of Eva Industries, Mr. Michael Nightingale, chairman of Anglo-Indonesian Corporation, says it is not Anglo's desire to own all of Eva's capital and be very much hopes that Eva will continue as an independent listed company working closely with Anglo — especially in overseas markets.

He also hopes that some holders will decide to retain their shares, but others, having seen the value of their investment fall substantially over the last two years, may consider 40p in cash is an attractive offer and decide to accept.

Anglo — which held a 27.27 per cent stake in Eva — recently contracted to purchase further shares which would take its holding together with associates to just over 30 per cent. Under the Takeover Panel rules it is obliged to make a general offer to all other shareholders. Holders of 9 per cent of the shares have already said they will not accept the offer.

Anglo considers that the future demand for hand tools in the third world will be substantial and believes Eva can meet this challenge and achieve an improved profit performance. But to participate and share in this growth Anglo feels it should have a larger holding.

In the formal offer document Anglo says that it is not in a position to know whether the Eva management is proposing to make any further redundancies in the light of the engineering industry's difficulties, or whether any additional redundancies will be necessary in the future.

Subject to this, if the offer becomes unconditional Anglo intends to develop Eva's principal businesses, particularly the agricultural tool division. Eva's pre-tax profits fell from £910,000 to £231,000, in the first half of 1980-81, after agricultural tool profits up from £579,000 to £716,000.

UNITED CARRIERS EXPANSION

For £625,000 United Carriers is buying the parcel-carrying business of Dor-to-Dor Carriers (Brighton).

The purchase of the business, which is concentrated in Southern England, covers goodwill, vehicles, plant, equipment and the freehold of a depot at Lewes. In addition, a further payment will be made for stock at valuation on March 2, the completion date.

The book value of assets being acquired is about £200,000 and, taking into account a recent valuation of the Lewes depot, this is increased to around £650,000.

Of the consideration £600,000 is to be satisfied by 482,956 shares which have been provisionally placed with institutions.

These shares will rank for the 1980-81 final dividend which the Board expects to be 2.5p. The balance will be payable in cash.

TDC increases stake in Trans. Security

Technical Development Capital—the venture capital arm of Industrial and Commercial Finance Corporation—has increased its investment in Transaction Security Limited (TSL) by £300,000 to a total £0.5m.

TSL, which was formed in 1979, has been developing computer and communication security technologies. Its main product will be Verisign, first developed by the National Physical Laboratory which starts being manufactured this summer.

Verisign is a microprocessor controlled verifier of signatures which very finely checks the way in which someone signs, as well as the shape of the signature.

It is expected at first to be used as a security system for offices or buildings and for gaining access to computer information. A major potential market is in automatic cash dispensers and point-of-sale terminals in shops.

TSL was started with an initial equity investment by TDC of 40 per cent (£50,000) and loan facilities of £150,000. The directors own the remaining 60 per cent.

The latest investment is £300,000 in convertable preference shares. Providing the company is successful, TDC will continue to be a minority shareholder, according to TSL's finance director.

Turnover in the next financial year, beginning March 31, is expected to be £1m and the company expects to break even.

INVESTMENT TRUSTS

Romney Trust net revenue unchanged

AFTER TAX of £712,858 against £660,906, net revenue of Romney Trust for 1980 was unchanged at £1.32m.

Earnings per 25p share turned in at 4.52p (3.92p, excluding non-recurring income of 0.69p) and the final dividend is 3.1p net for a 4.4p total (4.39p including a non-recurring special payment of 0.69p) total. The cost of ordinary dividends was £1.24m (£1.22m).

At December 31, 1980 the net asset value per share was 154.3p (118.5p).

INVEST. TRUST OF GUERNSEY

For the year 1980 the Investment Trust of Guernsey improved its net taxed profit from £453,823 to £480,000. The final dividend is 7p, raising the gross total from 10p to 11p.

Shareholders will be offered the right to elect to receive new shares in lieu of the net final dividend.

At December 31, net asset value stood at 250p, compared with 201.5p a year earlier.

BRUNNER POLICY

Major investment changes, in the direction of Japan, the Far East and Australia have been made by the Brunner Investment Trust. Mr. T. B. H. Brunner, chairman, says these changes have been made mainly at the expense of the trust's investments in the UK, where prospects for increased earnings appear—at least in the short-term—rather discouraging if the important energy and financial sectors are disregarded.

The Board, he says, is to continue to seek opportunities in the more dynamic sectors of the important U.S. and Japanese economies, and it will continue to give emphasis to the energy sector which at the year-end accounted for about a quarter of the trust's total portfolio.

As known pre-tax revenue rose from £1.21m to £1.38m in the year to November 30, 1980. Shareholders' funds improved from £21.88m to £31.62m.

Meeting, 20, Fenchurch Street, EC, March 20, at 12.45 pm.

Progress for Temple Bar

An increase from £3.19m to £3.42m in pre-tax revenue is reported by Temple Bar Investment Trust for the year to December 31, 1980. Gross revenue of this Electra House company rose from £3.4m to £3.65m.

After tax up from £1.04m to £1.1m and extraordinary items of £1,826 (£4,983), basic earnings per 25p ordinary stock unit are 7.999p (7.412p) and 7.959p (7.368p) fully diluted.

The final dividend is raised from 4.75p (including a non-recurring special payment of 0.368p) to 5.2p for a net total of 7.7p (7p), representing a 10 per cent increase.

CHANNEL ISLANDS INTL. IMPROVES

For 1980 taxable profits of Channel Islands and International Investment Trust rose from £371,182 to £395,282 and the dividend payment is being lifted from 30p to 37.5p gross.

Tax for the 12 months took £79,052 (£74,616). The net asset value per £1 share at December 31, 1980 stood at 292p, compared with 245.7p.

ENGLISH & SCOTTISH INVESTORS

Higher tax of £479,846 against £435,321, resulted in net revenue of English and Scottish Investors falling from £844,045 to £810,251 for the year to January 31, 1981, and in earnings per share slipping from 2.06p to 1.97p. The total dividend, however, is effectively raised from 1.625p to 1.8p net, with a second interim on ordinary shares of 1.2p.

LONDON TRADED OPTIONS

(Feb. 23 Total contracts 531)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	420	14	5	25	3	34	—	390p
Com. Union	140	16	10	21	—	27	6	145p
Com. Union	160	5	28	9	—	15	—	"
Cons. Gold	420	45	7	57	2	63	—	445p
Cons. Gold	450	25	6	37	—	43	—	"
Cons. Gold	468	8	1	—	—	—	—	"
Cons. Gold	550	—	—	5	2	9	—	"
GEC	600	53	1	85	—	108	—	640p
GEC	650	21	—	49	2	75	—	"
Grand Met.	160	11	3	18	—	23	—	166p
ICI	280	21	25	38	—	45	—	284p
ICI	300	11	59	24	—	32	10	"
ICI	330	5	8	12	26	—	—	"
ICI	360	1½	4	6	—	—	—	"
Land Sec.	360	48	—	58	2	71	—	400p
Land Sec.	390	24	30	37	—	50	—	"
Land Sec.	420	9	31	20	—	30	—	"
Marks & Sp.	110	14	10	19	—	24	—	121p
Marks & Sp.	120	6½	2	12½	—	17½	—	"
Marks & Sp.	130	2	—	5½	20	10½	—	"
Shell	450	4	—	12	—	20	1	400p
Totals			225		57		17	
		February		May		August		
Barclays B'k	390	12	—	33	1	45	—	396p
Imperial Gp.	70	9	37	9½	—	12	—	79p
Lasmo	650	5	11	82	2	82	—	654p
Lasmo	700	½	—	34	6	57	—	"
Lasmo	750	¼	—	20	13	37	—	"
Lonrho	74	29	10	—	—	—	—	102p
Lonrho	84	9	3	—	—	—	—	"
Lonrho	100	—	—	11	20	14	—	"
Lonrho	104	¾	99	—	—	—	—	"
Lonrho	114	¼	2	—	—	—	—	"
P. & O.	110	11	15	16½	—	20	—	121p
Racal Elec.	280	76	5	85	—	94	—	356p
Racal Elec.	300	56	1	68	—	78	—	"
Racal Elec.	330	26	—	44	3	57	—	"
Racal Elec.	360	3	1	25	1	38	—	"
Racal Elec.	390	¼	—	11	1	23	—	"
RTZ	384	25	1	—	—	—	—	408p
RTZ	414	5	—	22½	2	—	—	"
Totals			185		49		0	

JOBS COLUMN

How to protect the jobless

BY MICHAEL DIXON

"VULTURES," snort half a dozen readers. "Sharks," snap four. Another evokes the snake-oil salesmen of the old American West, growing fat on human credulity.

All of these readers brandish their predatory images in purporting to answer the question which the Jobs Column asked on behalf of the Recruitment Society last Thursday: What should we do about redundancy counselling?

Unfortunately the bulk of these early replies do not pursue the matter any farther than giving such counselling activities a bad name and urging that they be banned forthwith, or at least in their private-enterprise form. This kind of blanket condemnation is to my mind far less justifiable than the activities which it impugns.

It seems to proceed entirely from the charge that an increasing number of people are setting themselves up as redundancy counsellors because "they can see profit in others' misfortunes." That charge is undoubtedly true. But it applies also to countless other suppliers of services, including plumbers and garage-proprietors as well as numerous doctors, dentists, undertakers and monumental masons.

If private suppliers of any such service are to be outlawed on that simple count, then surely so must all the rest. In which case the problem becomes somewhat larger than the one at issue, and more suitable for discussion in—say—the Labour Party than in this column.

Here, we can most usefully confine ourselves to the problem of redundancy counselling as it affects jobless managers and other types of worker in the context of Western democratic society. And the first question to which I feel we need to address ourselves is: Does a need exist for the counselling of executives and others who have been thrown out of work?

The answer is clearly that one does. The plainest evidence is that numerous people are willing to pay for the counselling services on offer.

Admittedly, this itself is assumed by one or two of the abovementioned readers to be proof that those so willing are not responsible for their own actions. "Any man who shells out his redundancy money for the privilege of throwing himself to the sharks," claims one, "is obviously too gullible to be *worth employing anyway*." But I feel statements of that kind tell us more about the mentality of the person making them, than about that of people willing to pay for redundancy counselling.

Being a capable manager or specialist is one thing. Persuading someone else to employ that capability is another. It requires particular skill at the best of times. Many of the fast increasing number of newly dismissed higher-grade staff have no recent practice in that particular skill; some have had no previous need to develop it at all. Abandoned to their own devices with the jobs market in its present and foreseeably continuing coma, these people would have little chance of having their working skills re-employed. The fact that so many of them know this to the extent of seeking counsel, is to their credit; not the reverse.

The real need

Other readers who accept that the need for redundancy counselling exists, then fly to the questions of who should supply, and who pay for it. In the main, their answers are that the service should be supplied by the State and paid for by the organisation dismissing the person concerned or, where it cannot pay, the State again. But it does not seem to me sensible to leap to such questions without first considering what kind of services are needed.

As far as this column can see, by far the largest need is for training in the skills of self-marketing—and I do mean "marketing" as distinct from just "selling." Certainly, many redundant managers and specialists lack the skill of selling their capabilities to a prospective employer. Their need is liable to be deeper, however, because they often find themselves unemployed without having an adequately precise idea of what their capabilities are.

While doubtless having valuable working abilities, people now being thrown out of work have commonly developed these quite unconsciously during years of service as cogs in some organisational machine. Even today some large organisations continue to encourage young managerial recruits not to bother their heads about what precisely they can do to justify their being employed, and instead leave that question to be decided above their heads by the group's presumably omniscient "career development" staff. Organisations still doing that are beyond question irresponsible, and their chief executives should be ashamed of themselves.

But who is primarily to blame is of secondary importance to *managers whom the sack* suddenly translates from blissful to miserable ignorance of their working capabilities. However big a cog they might have been however recently, there is now precious little demand by employing machines for replacement cogs of any size. And unless this country is to respond to the challenge of unemployment by officially abolishing it on, for instance, the Soviet pattern, I cannot foresee much demand for replacement cogs in future.

Gone are the days when a lifetime's pleasant living could be guaranteed by *joining* some organisation. The need will be increasingly to ensure one's own standard of living by going out and *doing* things which are economically productive, no doubt usually as part of a company, but a part identifiable by the tasks it accomplishes rather than by its positioning in the organisational blueprint. And nowhere is this need already felt more keenly than among the redundant higher-grade staff.

Their prospects of re-employment depend increasingly on accurately identifying what they are capable of doing as a precursor to identifying which other people are most likely to want them to do it, and then selling themselves accordingly to at least one of the potential employers so located. It is in this process that redundancy counselling can be worth its price. Moreover, I can see no reason why the individual who feels the need of counselling should not have the responsibility of deciding how much to pay for which service, and a range of different services to choose from.

The majority of readers who have so far responded disagree. But their case for transferring the decision to the State and the former employer is apparently based on the observation that, in the confusion frequently induced by sudden joblessness, some people commit themselves to heavy spending on services which are of no use to them. The reason can be that the service involves the mass mailing of uniform letters of application which recruiters have long ago learned to pitch straight into the waste bin, or elaborate quasi-psychiatry going far beyond the simple skill-identifying guidance which is all the redundant person really *needs*.

Certainly there is cogent evidence that some newly dismissed people involve themselves unnecessarily and expensively in these ways. There are also *complaints* (though *I* have not yet heard those making them name the counsellor they are accusing) that such concerns sometimes deliberately take unfair advantage of a joblorn *executive's state of shock*. But the fact that some individuals make mistakes in their choice, and the suspicion that these are encouraged by some consultancies, is surely no reason for *the "nanny State" to deprive* all individuals and counsellors of their essential freedom to pick or to offer which service they think best.

All that is needed is some *means of regulating the market* so that counsellors indulging in unfair practices are exposed and proscribed. And, fortunately, one of the replies makes a definite proposal to that useful *end. The reader concerned is* John Sleigh of the Lloyd Management consultancy. He suggests that redundancy counsellors should be licensed by way of the Department of *Employment which* "should also approve their fee scales and revoke any licences where there is regular evidence of dissatisfied users, or renew them only on the evidence of *satisfied users*."

As self-appointed chairman of this particular debate, I would prefer any further discussion to be on similarly constructive lines. Otherwise we might as well drop the topic here and now. The alternative approach of giving private-enterprise counselling a bad name and smothering it with the nanny State is liable to do nothing but create problems worse than those it solves.

LEGAL NOTICES

NORTON WARBURG (BRISTOL) LTD.
THE COMPANIES ACTS 1948 TO 1976
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, *that a Meeting of the Creditors* of the above-named Company will be held at the offices of
ROBSON RHODES,
186, City Road,
London EC1V 2NU,
on Tuesday, the 10th of March 1981, at 10.30 am, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 19th day of February, 1981.
By Order of the Board,
R. J. C. LYNCH, Secretary.

NORTON WARBURG LIMITED
THE COMPANIES ACTS 1948 TO 1976
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of
ROBSON RHODES,
186, *City Road*,
London EC1V 2NU,
on Tuesday, the 10th of March 1981, at 10.30 am, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 19th day of February, 1981.
By Order of the Board,
R. J. C. LYNCH, Secretary.

NORTON WARBURG INVESTMENT MANAGEMENT LIMITED
THE COMPANIES ACTS 1948 TO 1976
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, *that a Meeting of the Creditors* of the above-named Company will be held at the offices of
ROBSON RHODES,
186, City Road,
London EC1V 2NU,
on Tuesday, the 10th of March 1981, at 10.30 am, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 19th day of February, 1981.
By Order of the Board
Mrs. I. M. PEACH, Secretary.

EXHIBITIONS

JAPANESE ART — 17-28th Feb. Screens, Paintings, Prints & Drawings. Covent Garden Gallery Ltd., 20, Russell Street, WC2. Tel: 836 1139.

APPOINTMENTS

COMPANY NOTICES

GOLD FIELDS GROUP

GOLD FIELDS OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF SECOND INTERIM DIVIDEND (No. 65)
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 65 declared on 3 February 1981, payments from the office of the United Kingdom Registrar will be made in *United Kingdom currency* at the rate of exchange of R1.767350 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 23 February 1981 as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Second Interim Dividend (No. 65) of 125 cents per share is therefore 70.72736p per share.

London Office:
49 Moorgate
London EC2R 6BQ

United Kingdom Registrar:
Close Registrars Limited
803 High Road
Leyton, London E10 7AA
23 February 1981

By Order of the Board
C. E. WENNER
London Secretary

CONTRACTS AND TENDERS

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

(1) INVITATION TO TENDER
Tenders are invited for the urgent supply of 7,000 tonnes of soft wheat for delivery on a f.o.b. stowed and trimmed basis to an EEC port for subsequent delivery to Mozambique. Delivery to an EEC port shall commence no earlier than 13 March and no later than 20 March. The soft wheat is to be supplied either in (i) jute bags or (ii) bulk with sufficient empty jute bags, needle and twine. Tenderers are requested to quote for both (i) and (ii).

(2) INVITATION TO TENDER
Tenders are invited for the urgent supply of 11,000 tonnes of sorghum for delivery on a f.o.b. stowed and trimmed basis to an EEC port for subsequent delivery to the Somali Democratic Republic. Delivery to an EEC port shall commence no earlier than 13 March and no later than 20 March. The sorghum is to be supplied either in (i) jute bags or (ii) bulk with sufficient empty jute bags, needles and twine. Tenderers are requested to quote for both (i) and (ii).

The price for the supply and transportation costs of the cereal for the above two tenders will be determined on examination of the Tenders which must be submitted by noon on Thursday, 5 March, 1981, to:

Home-Grown Cereals Authority
Hamlyn House, Highgate Hill
London N19 5PR

Notice of Invitation to Tender together with Tendering *Forms* may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, Fountain House, 2, West Mall, Reading RG1 7QW. Tel: Reading 583626 Ext. 368/276.

MINING NEWS

A profits setback at Peko-Wallsend

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Peko-Wallsend reports a 33 per cent fall in half-year profits to A$11.79m (£6m) from A$17.78m, mainly as a result of problems with its Tennant Creek copper smelter and lower prices for copper in the period.

James Forth reports from Sydney that despite lower metal prices, Peko's sales of mine products in the six months to December 31, which include gold and coal, rose to A$69m from A$57m a year ago while sales of *the industrial trading division* increased to A$216m from A$157m.

The company received an average copper price of A$1,673 per tonne compared with A$2,037 in the same period of 1979. Coal and tungstic oxide prices were little changed, but gold fetched A$504 per ounce compared with A$330.

Peko-Wallsend directors said that the preparations for a *resumption of copper smelting* at Tennant Creek in the Northern Territory had the temporary effect of increasing copper output relative to that of gold while the delay in bringing the smelter to full production had required additional working capital with a resultant drain on profits.

Although the interim dividend is being maintained at 10 cents (5.1p), the directors indicated that the adverse results were likely to continue into the current half-year.

They added that construction at the Ranger uranium project was proceeding satisfactorily. Recent developments in the East Alligator uranium province provided encouragement that exploration may be permitted to *resume in the area.*

Deeper drilling of the Explorer 46 gold discovery at Tennant Creek had confirmed that the orebody, already with estimated ore reserves of 200,000 tonnes averaging 18 grammes gold to the tonne, was open at depth with potential for an extension of reserves.

At Parkes in New South Wales, drilling was revealing the presence of a possible major *mineral field with substantial* deposits of low grade copper-gold mineralisation while at the Woodcutter silver-lead-zinc prospect in the Northern Territory a new area to the north had given surface geochemical indication of similar mineralisation.

CAIL loss at midway

AUSTRALIA'S New South Wales coal producer, Coal and Allied Industries (CAIL) has incurred a loss of A$321,000 (£164,000) in the six months to December 31, but has held the interim dividend at 8 cents a share. The loss compares with a profit of A$2.15m a year ago and has occurred despite a 10 per cent lift in turnover to almost A$100m.

The latest deficit would have *been much larger but for a tax* credit of almost A$2m. The setback has reflected several factors, including a general downturn in trading profitability, operating cost increases, higher employee benefits, State governments imposts and "obstructive bans and limitations."

High depreciation and interest charges relating to the company's capital expansion programme and continuation of, the fixed price of soft coking coal exported to Japan have been additional adverse factors.

Since the end of the half-year the industrial situation has improved, however, and the company is optimistic about the eventual outcome of negotiations with Japanese steel mills for an increase in coal prices.

ROUND-UP

America's leading silver producer, Sunshine Mining, proposes to acquire Silver Dollar Mining, Sunshine Consolidated and Silver Syndicate. The terms are: one Sunshine Mining share for 1.2 shares in Silver Dollar, 3.33 shares in Sunshine Consolidated and 2 shares in Silver Syndicate.

* * *

Australia's Jimberlana Minerals, which has interests in a South African gold mine and exploration prospects in Indonesia and Australia, proposes to make a call of 25 cents (12.8p) on its 7.7m partly-paid shares to bring them to 50 cents fully-paid. After the call, shareholders will be offered one option at 5 cents to take up one fully paid at 100 cents share for every two fully paid shares held. The call is designed to raise just on A$2m.

* * *

SPO Minerals, which is pressing on with a barytes, fluorspar and lead operation in Derbyshire, announces a 98.85 per cent acceptance of the shares offered at 105p in the recent rights issue. The shares were 139p yesterday.

71 companies wound-up

Compulsory winding-up orders against 71 companies were made by Mr. Justice Nourse in the High Court. They were:

Titleclass, Worldshield, Just Bread, Elvareel, Seven Stars (Machinery Export), and Braynonk.

Wheeler and D'Souza, Phoenix (Reading), Wilton Carriage Company (Shipping and Forwarding), Carragher Construction, Bevercross, and Fanflow.

Rowley Transport (B'ham), Hallam Fabrications, J. and G. Evans, Brittains Precision Products, and Brittains Design and Construction.

Downey Packaging, T. Rowley (Transport), Ryehope, David Hill Fashion Accessories, Industrial Promoters and Project Consultants, and Ouse Design and Construction.

Calver Buchanan Enterprises, Brexmay, Cleary and McHugh, Flyford Engineering Company, King Street Entertainments, and Mac Anglin and Co.

Decpeel, Allied Trading and Manufacturing Agency, Hempstall Holdings, Junehurst, B. M. Aston and Co., and Walsh-Dawson (M/CR).

R.A.O. Partitions, Drivers Warehouse, Roankarn, Goldrhine, Eaton Hall (Export) and Flemmings Garages (Barking).

Springmere Car Hire, Wallure, Sandogem, Wade and Williams Accounting Services, Williams and Burns (Solihull), Cobar Precision Company, and Mark Luker.

Park Lane Records, Sharlin (Walk Round) Fashions, Spectrum Photo-Processing Equipment, Coremoor, Meridian Holidays, and Gary Spencer Building Supplies.

Portway Construction, Home and Overseas International Oil Company, Louis Edwards and Co. (Neath), Meadow Plant Hire, Cue Club, and Surete Security Guards.

Onions Decorators Builders and Plumbers, T.O.C. Builders, Bellaphon Records, Greenholme Construction Company, Briery Wood (*formerly known as Osro*) and Electronics Today.

Sheba Publications, Unique Golf Products, Bond Street Marine Publishers, Balchin Publications, and International Flyfisher (Publications).

Compulsory winding-up orders made on February 16 against W. J. Croke (Roofing) and Aviation Electrical and Radio Company were rescinded and the petitions dismissed by consent.

IN BRIEF

DANAE INVESTMENT TRUST—The net asset value per income share as at January 30 was 38.25p.

JOVE INVESTMENT TRUST—The net asset value at January 30 showed there were no assets attributable to the capital shares.

CITY AND FOREIGN INVESTMENT COMPANY—Dividend 0.7p (nil) for 1980. Revenue £36,609 (£675) after tax of £12,545 (£1,203). Retained £8,609 (£675). Net asset value per share 77p (63½p). Level of income in 1980 is likely to prove exceptional, as the company's assets which are not re-invested in dual equity funds are re-deployed into the energy-related sector. It should, therefore, not be assumed that any dividend will be paid in respect of 1981.

CHARTER TRUST AND AGENCY—Results for year ended November 30, 1980, already known. UK listed investments £27.33m (£22.37m), abroad £13.97m (£6.74m). UK unlisted £837,472 (£733,456), abroad £926,854 (£637,958). *Shareholders' funds £40.55m (£29.21m)*. Bank overdraft (in U.S. dollars) of £413,308 eliminated. Decrease in liquidity of £1.32m (£519,000 increase). Meeting, 20, Fenchurch Street, EC, March 12, 2.30 pm.

WATNEY MANN AND TRUMAN HOLDINGS (brewer—subsidiary of *Grand Metropolitan*)—For year to September 30, 1980, pre-tax profit £18.21m (£15.62m). Tax £806,000 (credit £510,000).

MARLBOROUGH FUND—The final distribution on income units for the Accounting period February 19, 1980, to February 16, 1981, will be 0.8p (0.6p net per unit last year), payable on April 4, 1981. Total distribution for the year amounts to 1.7p (1.4p).

WILLIAMSON TEA HOLDINGS—The board anticipates that the annual report will be published during the early part of March.

GLOVER AND MAIN (cutting tools and catering equipment)—Turnover for half year to October 30, 1980 £72,360,000 (£61,161,000). Pre-tax profits £1,113,000 (£2,692,000), after depreciation of £1,199,000 (£925,000), interest of £316,000 (£586,000), tax £81,000 (£732,000). Attributable £1,025,000 (£1,953,000). The company is con*trolled by Thorn/EMI.*

OIL and GAS NEWS

Westfield in U.S. oil and gas search

A MOVE into direct U.S. oil and gas exploration is planned by Westfield Minerals, the 45 per cent-owned subsidiary of Canada's Northgate Exploration.

This year Westfield is to participate in the drilling of approximately 30 wells, notably in Oklahoma, east and west Texas, southern Louisiana and Mississippi, at a cost of $750,000 (£332,000).

Westfield is joining a consortium headed by Arlington Exploration of Boston, in which Bay State Gas of Massachusetts *is the major investor. Last* year the consortium participated in the drilling of 20 wells, of which 12 were deemed successes.

Westfield says that it will invest directly in oil and gas by taking varying minority interests in a series of exploration projects covering a broad spectrum of "risk-reward" ventures. The company will also have the right to participate at the same venture level in subsequent offsetting *development* wells.

Since 1977 Westfield's parent, Northgate, has been steadily increasing its investment in oil and gas as part of its search for new revenue now that mining has finished at the Tynagh base metal mine in Ireland's County Galway.

Northgate's revenue from oil and gas this year is expected to be about C$500,000 — the company's total net earnings for 1980 were C$4.39m.

Thereafter it *expects oil and* gas revenue to "accelerate to significantly higher levels as cash flow becomes available from wells now coming on stream plus the predictable increase from step-out wells as this activity gains momentum." The group's 1981 drilling target is 100 wells.

* * *

THE Strzelecki No. 4 oil well, which produced a record flow for an onshore well in Australia earlier this month, is now flowing even better *following clean-up* operations.

Santos, which has a 35 per cent interest, said yesterday that the well had flowed at approximately 3,600 barrels a day, compared with 3,250 barrels when first tested.

The well, in South Australia's Cooper Basin, has been completed as an oil producer.

Other interests are Delhi *Petroleum, operator*, with 21 per cent, Vamgas 7 per cent, Crusader Resources 30 per cent and South Australian Oil and Gas 7 per cent.

* * *

Testing of the Woodada No. 3 exploration well, which was suspended on February 17, is not expected to resume for about three months, according to Strata Oil, which has a 26.95 per cent interest.

The delay will allow time to secure the equipment necessary to counter problems which have arisen during previous attempts to test the well, in Western Australia's Perth Basin.

Woodada No. 3 was drilled to explore the extent of the gas find made by the first two wells in the area, both of which flowed gas at rates in excess of 30m cubic feet a day.

The third well met strong shows of gas and traces of waxy oil, but so far all attempts to produce a flow of hydrocarbons for testing purposes have failed.

Other interests in the well are Hughes and Hughes of Texas, operator, with 65 per cent, and Mincorp, 1 per cent.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.280	2	14	—	—	1	18.50	F.290
ABN C	F.300	45	5.50 A	1	6.50	1	9.50	"
ABN C	F.320	5	1.50 B	—	—	—	—	"
AKZO C	F.17.50	117	1.70	31	2.50	28	3.10	F.18.60
AKZO C	F.20	110	0.80	31	1.40	10	2.20	"
AKZO C	F.22.50	49	0.30	1	0.70	—	—	"
AKZO C	F.17.50	32	0.50	20	0.70 A	—	—	"
AKZO C	F.20	—	—	10	1.80	—	—	"
AMRO C	F.60	11	1	—	—	1	2.30	F.56.70
KODA C	$60	10	14 1/8	—	—	—	—	$72 1/8
KODA C	$70	—	—	10	8 1/8	—	—	"
HEIN C	F.55	1	5	—	—	—	—	F.58.60
HEIN C	F.60	33	2.50	—	—	—	—	"
HEIN C	F.65	7	1.30	—	—	—	—	"
HEIN P	F.50	17	0.30	—	—	—	—	"
HEIN P	F.60	5	2.30	5	4.50	—	—	"
HOOG C	F.15	2	3	—	—	—	—	F.17.50
HOOG C	F.17.50	1	0.80	—	—	—	—	"
IBM C	$60	—	—	1	5 3/4	—	—	$60 7/8
IBM C	$70	5	1/2	—	—	—	—	"
KLM C	F.60	13	19.50 B	4	20	—	—	F.79.60
KLM C	F.70	174	10.20	17	11.50	17	13	"
KLM C	F.80	162	5.10 B	135	6.50	11	8.80	"
KLM P	F.55	—	—	6	0.70	1	1.50	"
KLM P	F.60	—	—	2	1	1	2.50	"
KLM P	F.65	—	—	1	1.80	1	3.50	"
KLM P	F.70	37	1.60	7	3	—	—	"
KLM P	F.80	36	4.50 B	5	7	—	—	"
NATN C	F.120	2	7.50	—	—	—	—	F.125.60
PETR C	Fr.5000	—	—	1	150	—	—	Fr.4910
PETR C	Fr.5500	3	20	—	—	—	—	"
PHIL C	F.15	228	4.30	14	4.60	—	—	F.19.10
PHIL C	F.17.50	581	2.30	50	2.50	125	3.10	"
PHIL C	F.20	350	0.60	72	1.20	45	1.70	"
PHIL P	F.17.50	—	—	—	—	44	0.80	"
PHIL P	F.20	100	1.10	30	1.80	—	—	"
POLA C	$20	—	—	—	—	10	6 7/8	$25
POLA C	$30	—	—	—	—	2	1 3/4	"
PEUG C	F.130	2	13	—	—	—	—	F.135.20
OLIE C	F.190	11	17.50A	—	—	—	—	F.203.20
OLIE C	F.200	34	10	—	—	—	—	"
OLIE C	F.220	59	2.50	13	6.70	—	—	"
OLIE C	F.240	16	0.40	72	2.50	—	—	"
OLIE P	F.180	12	0.50	—	—	—	—	"
OLIE P	F.190	34	2	4	5	—	—	"
OLIE P	F.200	40	4.80	—	—	—	—	"
OLIE P	F.220	17	19	—	—	—	—	"
OLIE P	F.240	13	38	—	—	—	—	"
XERO C	$50	—	—	—	—	12	10 1/4	$55 11/16
		Feb.		May		Aug.		
BOEI C	$35	—	—	28	2 1/2	1	4	$34 11/16
BOEI C	$40	—	—	—	—	5	2 1/8	"
SLUM C	$100	—	—	6	13 5/8	—	—	$107 1/2
SLUM C	$110	—	—	7	7	—	—	"
SLUM C	$120	—	—	6	3 1/2	—	—	"
VW C	DM.140	—	—	5	12	—	—	DM149

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Companies and Markets **UK COMPANY NEWS**

Baring taps secret reserves for £5m

BY MICHAEL LAFFERY

BARING BROTHERS, the City accepting house, has released a further £5m from its secret reserves, for the second year running, according to the annual report out yesterday.

Director Mr. W. D. McLennan, said that the release was related to the bank's expansion: "As we grow, and the balance sheet total goes up, we like to bring a bit out. This is done partly to demonstrate that the bank meets certain minimum capital requirements. It also keeps us in line with other accepting houses."

The latest balance-sheet shows that the disclosed shareholders' funds amount to £30m, and relate to deposits of about £458m, giving a ratio of 1 to 15.

As an accepting house, Baring is allowed to publish accounts which need not give a true and fair view. It is permitted to smooth profits from year to year, and may maintain secret reserves which are illegal for non-banking companies and the clearing banks. As usual, this year's annual report includes a two-line profit and loss account, equating profit with the dividend.

Baring's is a private bank with no quoted shares. As such, it is known to be one of the most outspoken banks in favour of retaining the accepting houses accounting privileges. Its chairman, Mr. John Baring, is also chairman of the Accepting Houses Committee.

The annual report shows that loans to directors and connected persons amount to almost £1m in total. This is an average of more than £43,000 per director. Mr. McLennan said that some of the loans were on beneficial terms.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interim: Medminster.

Finals: Anglo-International Investment Trust, Aquis Securities, Commercial Union Assurance, National Westminster Bank, Rights and Issues Investment Trust, Ventona.

FUTURE DATES

Interim—	
British Assets Trust	Feb. 25
Finals:—	
Blagden and Noakes	Mar. 2
Boddingtons' Breweries	Mar. 19
British Petroleum	Mar. 12
British Vita	Mar. 3
Invergordon Distillers	Mar. 2
Provident Financial	Mar. 3
Savoy Hotel	Apr. 14
Taca	Feb. 26

C. Baynes slides but pays more

PROFITS OF Charles Baynes, the Blackburn-based manufacturer of hacksaw blades, declined in the 12 months to end-December, 1980, the pre-tax figure coming through at £341,115, compared with £408,357.

The result is in line with directors' predictions mid-year when they stated that prospects for the remainder of the year were not bright and it would be difficult to match last year's level of profit.

However, despite the lower outturn the dividend for the year is being increased from 1p to 1.25p net with a final of 0.85p (0.6p). A one-for-one scrip issue is also proposed.

The surplus was subject to tax of £85,071 (£189,983), after which stated earnings per 10p share show a rise from 6.2p to 7.27p.

Philip Hunt profit drops

SALES from continuing operations at Philip A Hunt, a U.S. subsidiary of Turner and Newall, were $106.3m for the year ended December 27, 1980, an increase of 2.6 per cent on comparable operations in 1979.

Reduced by a stock adjustment of $730,000 pre-tax and unrealised foreign exchange losses of $692,000, after-tax income for the year was virtually halved at $4,044,000, ($8,015,000). Provisions for losses arising from discontinuance and disposal of operations reduced net income to $2,172,000.

Sales from continuing operations for the fourth quarter ended December 27, 1980, were $24,766,000 ($26,862,000). Operations in the last quarter suffered a loss of $266,000 compared with a profit of $2,330,000 in 1979.

Provisions for losses from discontinuance and disposal of operations, principally Marvel Photo Company Incorporated, amounted to $2,608,000 or a net after-tax loss of $1,872,000.

The company stated that, despite a reduction in profits due to increased costs, reduced demand and high development costs, a number of negative factors affecting 1980 results have been eliminated.

APPOINTMENTS

Senior post at Lloyds Bank

Mr. D. A. Smith has been appointed to the Board of LLOYDS BANK UK MANAGEMENT. He has also been elected to succeed Mr. S. James L. Hill as chairman of the Salisbury regional Board of Lloyds Bank from April 1. Mr. Smith is a director of Powell Duffryn, chairman of Hamworthy Engineering and a director of Hamworthy Hydraulics.

★

The Secretary for Energy has appointed Mr. David Jefferies, at present director of personnel, Central Electricity Generating Board headquarters, to be chairman of the LONDON ELECTRICITY BOARD from April 1 for five years. Mr. Jefferies succeeds Mr. Alan Plumpton.

★

Mr. Robert O. Anderson has succeded Mr. Thornton Bradshaw as chairman of THE OBSERVER.

★

Mr. D. A. Claydon and Mr. S. J. Ahearne are to join the Board of BP CHEMICALS, succeeding Mr. A. P. Jenkins and Mr. N. G. S. Champion on March 1 and May 1, respectively, who are joining BP INTERNATIONAL.

★

Mr. John D. Knott has been appointed managing director of BANISTER WALTON AND CO., Manchester, following the retirement of Mr. T. R. Westall.

★

Mr. David G. Lowden has joined TRADITION SERVICE HOLDINGS S.A. as managing director of the London operating companies. He was previously with J. Henry Schroder Wagg and Co.

★

Mr. R. J. Cragg, formerly managing director of MOLEX ELECTRONICS, has been appointed as director of European marketing at the European headquarters, Aldershot, from April 1.

★

The following have been elected to the executive committee of the ISSUING HOUSES ASSOCIATION for 1981-82: Mr. T. J. Manners (Lazard) chairman, Mr. R. D. Broadley (Baring) deputy chairman, Mr. D. Bucks (Hill Samuel), Mr. J. D. Crosland (Robert Fleming), Mr. J. N. Fuller-Shapcott (Minster Trust), Mr. J. M. F. Padovan (County Bank), Lord Rockley (Kleinwort Benson), Mr. C. H. Sporborg (Hambros), Mr. O. H. J. Stocken (Barclays Merchant Bank) and Mr. M. R. Valentine (Warburg).

★

The COLONIAL MUTUAL LIFE ASSURANCE SOCIETY has appointed Mr. E. K. V. Redfern as deputy general manager UK.

★

Mr. J. B. H. Jackson has been appointed to the board of VGL INDUSTRIES, Chessington, Surrey. He is a director of Philips Industries, Ladbrokes and a number of other industrial companies. Mr. Jackson joins the VGL board following agreement by merchant bankers, Baring Brothers and investment trusts managed by Henderson Administration and Touche Remnant to subscribe £1m in VGL unsecured loan stock convertible into 25 per cent of VGL ordinary shares.

★

Mr. Roger Eve has been appointed managing director of HAULAMATIC CLARKE CHAPMAN, the joint venture company recently formed by Haulamatic Limited and Clarke-Chapman (a subsidiary of NEI).

★

Mrs. Wyn Osborn-Clarke has been appointed chairman of the NATIONAL DEAF CHILDREN'S SOCIETY and Mr. John Butcher has become vice-chairman.

★

Mr. Michael Burden has joined COMPUTER ANCILLARIES of Egham, Surrey, as managing director to lead marketing operations for new products. He was previously with AES Wordplex.

★

Mr. Anthony Chapman has been appointed financial controller at FISHER-PRICE TOYS. He was previously with Volvo.

★

Mr. John Donaldson, formerly managing director of F. C. Finance, which he founded for the Firth Cleveland Group in 1958, has been appointed to the Board of PARK PLACE INVESTMENTS.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

INTERNATIONAL COMPANIES and FINANCE

1980 DEFICIT AT $128.5m

Braniff chief confident despite loss

BY IAN HARGREAVES IN NEW YORK

"BRANIFF WILL continue to be an aggressive and formidable carrier." With these words, Mr. John Casey signed his first earnings statement for Braniff International, the airline holding company of which he became chairman on January 7.

The brave words, however, struck a profound contrast with the figures themselves. In 1980, Braniff incurred a $128.5m loss, despite having recorded net capital gains of $79m from the sale of equipment.

In the fourth quarter, Braniff's loss was $76.9m, which exceeded the loss of the 1979 fourth quarter of $51.3m. More than $22m of the 1980 quarterly loss stemmed from write-offs from the withdrawal from routes, something which Braniff has been doing at a breakneck pace in the past six months.

Operating revenues were $1.45 bn for 1980, up from $1.34bn in 1979, and $325m for the final quarter, down from $346m in 1979.

If Braniff had been anything other than an airline, it would probably have gone bankrupt already, having seen its long-term debt soar to $615.7m at the end of last September—the company has not yet published an updated balance sheet—compared with shareholders equity of $144m.

The reason an airline can walk that kind of financial high wire is that its chief assets are its aircraft for which there is always a market, providing the aircraft are modern, which is the case with Braniff.

So when at the end of last year Braniff's lenders started to force the pace, eventually pushing out Mr. Harding Lawrence, the company's chief executive of 15 years, they also started to ensure that their loans were secured against specific pieces of marketable hardware, such as the five Boeing 727s which Braniff has scheduled for delivery from the Seattle aircraft manufacturer.

This came after the lenders had made it clear to Mr. Lawrence that Braniff was not going to get any more money and that its future lay in reducing itself to a size where it might eventually find financial stability.

Mr. Casey, the brother of Mr. Albert Casey, the chairman and chief executive at American Airlines, has accepted that remit. Mr. Casey, 62, has been with Braniff since 1968 but has a background more in engineering and operations than in finance. That may not matter, however, given the close watch which the banks have on every move Braniff makes.

"Braniff's problem is cash," says Mr. Bob Joedicke, airline analyst at Lehman Brothers Kuhn Loeb. "If Braniff can generate enough cash to get through the squeeze it will have time to sort itself out."

But Mr. Joedicke and the analyst fraternity on Wall Street are not willing to lay odds on the chances of Braniff's survival, although Mr. Joedicke answers the question in part by forecasting that the airline can manage "slightly better than break-even this year," which would mean that at least at the operating level it will not be consuming cash.

Braniff's immediate strategy is to create a cash cushion by selling aircraft and is currently offering three Boeing 747 airliners which have yet to be delivered. The maker's price is $65m each, but the market is weak now because of the depressed state of the industry worldwide and the large numbers of cheap second-hand aircraft on offer, so Braniff will probably have to accept much less. But it is not known how much of the proceeds of this, or any other sale, will go direct to lenders to retire debt.

Not counting the three 747s, Braniff has 100 aircraft of which 94 are shorthaul workhorses, either Boeing 727s or McDonnell Douglas DC8s.

With these aircraft, and a handful of widebody jets, Braniff is trying to settle itself on a solid base of domestic U.S. services radiating from its hub of Dallas-Fort Worth in Texas, with only limited international services between the U.S. and South America, where Braniff is a leader, and Dallas-London and Dallas-Hawaii.

Dozens of routes have gone, reducing the available seat miles offered by the airline in January by almost 33 per cent from the same month of 1980.

The cuts have at least enabled Braniff to make more productive use of its aircraft. The percentage of seats occupied in January was 60.9 per cent, up from 54.6 per cent in the same month a year earlier. Indeed, for the whole of 1980, Braniff's average occupancy came in at 58.4 per cent, which was among the half dozen best performances of the major carriers, although it is well behind the 68.2 per cent of another Texas regional carrier, Southwest, which these days is perhaps a more useful comparison with Braniff.

Mr. Casey is also trying to improve Braniff's fare discounting programme—a move which has increased occupancy on the London-Dallas route from 30 per cent to 50 per cent by offering bonus Dallas-Hawaii tickets—and to raise staff morale.

The latter consideration has meant the dropping of a wage cut plan promoted by Mr. Lawrence, although Braniff is still trying hard in its current negotiations with most of its unions to get them to make concessions in the light of its financial plight. The loss of 2,000 Braniff jobs out of a total workforce of 13,000 in the last year has helped drive home this message.

It will be an uphill struggle, especially if airline demand continues to be weak, something which is likely as airlines use their recently acquired freedom to pass through more rapidly in ticket prices the soaring fuel costs which have been their biggest single problem in the past two years.

Braniff has some things in its favour—its South American business, its modern, standardised fleet and its Sunbelt location—but in days when Federal airline deregulation has opened up the skies for small, lean and hungry carriers such as Southwest to grow to their marketable limits, Braniff, which is also in the process of becoming small, and certainly lean and hungry, will have no shortage of competition. And most of the competition does not have hundreds of millions of dollars of debt around its neck.

TEXAS AIR HAS 3.8m CONTINENTAL SHARES

Texas Air Corporation said it received about 3.8m shares of Continental Airlines during the first 10 days of its tender offer at $13 a share, and raised the limit on shares it will buy to 6m from the 4m set previously, Reuter reports from Houston. The company said it will buy up to 6m shares on a first come, first served basis if it gets more than 4m shares.

The shares must be tendered by a holder of record on February 20 or must be accompanied by irrevocable proxies signed by the record holder on February 20 to allow the shares to be voted against Continental's proposed merger into Western Airlines at a special meeting on March 12.

The offer expires March 16 unless extended.

Sundance Oil rejects offer

By Our Financial Staff

SUNDANCE OIL, the Denver-based group, has rejected an offer of more than U.S.$500m from a privately-held Canadian company for its Canadian and U.S. oil and gas interests, according to Mr. Caswell Silver, the Sundance chairman.

The directors of Sundance consider the offer inadequate. It would have provided for payment of U.S.$400m, plus the assumption of C$135m of Sundance debt. Of the U.S.$400m, C$175m would have been paid at the conclusion of the agreement, with the remainder paid in the form of a debenture.

Fox Film attracts $630m bid

BY OUR NEW YORK STAFF

MR. MARVIN DAVIS, a wildcat oil explorer from Denver, has offered about $630m for most of the assets of Twentieth Century-Fox Film, one of Hollywood's leading motion picture companies.

Mr. Davis, who last month raised $600m by selling energy properties to Hiram Walker — Consumers Home of Canada, wants to buy all of Fox except a television company which owns three stations.

Included would be Fox's film business, its valuable library and its other leisure interests, which include resorts and hotels.

The Fox board will meet to consider the offer on Friday, but Chris-Craft, Fox's largest shareholder with a 22 per cent holding, says it supports the $60 per share bid. Fox shares were trading at $53 immediately before the offer was announced.

Chris-Craft is based in New York and makes various industrial products, but it also owns several West Coast television stations.

Mr. Davis' proposal to spin off the United TV subsidiary of Fox to shareholders before his takeover of the rest of Fox suits Chris-Craft, in that it would probably enable the New York company to gain control of the Fox television stations.

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Fox has been the subject of endless takeover rumours in recent years and several unsuccessfull attempts have been launched.

Although Mr. Davis has made his fortune from oil and gas, he is best known in the U.S. as the twice unsuccessful bidder to take over the Oakland A's baseball team and tranship them to Denver, which does not have a major league baseball team.

Last year Fox earned $54.6m on sales of $865m.

First quarter downturn at Dayco

By Our Financial Staff

PROFITS at Dayco Corporation, continued to fall sharply in the first quarter of the current year though sales managed a further gain. Net earnings for the quarter slumped from $5.3m to $2.2m or 21 cents a share.

Dayco earns about 45 per cent of its total from industrial component sales, in particular the V belts of which it is the world's largest supplier. It also sells V belts to the car and tractor industries, while its plastic products division is also heavily angled towards the motor industry.

In fiscal 1980, Dayco saw earnings fall 59 per cent to $1.51 a share. But, since these results were additionally affected by a strike at the group's manufacturing plants, Wall Street analysts have predicted a recovery this year, perhaps to around $2.00 a share. In fiscal 1979, earnings totalled $3.87 a share.

There is good news from the group in that sales for the first quarter of this year have increased from $170.6m to $182.7m. At the end of last year sales were still showing a setback of 3 per cent, after staging a recovery from earlier quarters.

The board has said that it expects its line of replacement products to help offset the serious fall in original equipment sales to the motor industry.

The directors have also instituted a stringent programme of cost cutting. The company, based in Dayton, Ohio, employs some 12,000 and the shares have been favoured by the major investment institutions which hold about 30 per cent of the total equity.

Analysts expect the quarterly dividend, held at 50 cents since 1965, to be maintained

A $37m bid for Waltons

By James Forth in Sydney

WALTONS, the retail group, has received a A$37m (U.S.$42.7m) takeover bid from its largest shareholder. The Liberman family, which already own 19.7 per cent of Waltons, is bidding A$1.00 a share through a subsidiary, JGL Investments, which values the group at A$46m.

The bid is conditional upon acceptances of 90 per cent of the shares for which JGL is bidding, and upon the finance company, Australian Guarantee Corporation agreeing to cancellation of the conversion rights of 5m convertible preference shares in Waltons. If the preference shares were converted to ordinary stock they would represent just on 10 per cent of the enlarged capital.

The Liberman family acquired its stake late last year at A$1.00 a share from a company associated with four Melbourne businessmen which bought in mid-1979 for A$1.00 a share but sold after Waltons announced heavy losses.

The retail group incurred a loss of A$3m in 1978-79 and A$7.8m in 1979-80, but recent Christmas trading was buoyant and a profit is expected for the January half-year.

The offer price compared with a market price of 83 cents, but after the proposed bid was announced the price jumped under heavy buying. A total of 3.1m shares or almost 7 per cent of the capital were traded at prices up to A$1.11, with interests associated with western Australian businessman, Mr. Alan Bond, reportedly behind the buying.

INTERNATIONAL CAPITAL MARKETS

DM bonds ease in thin trading

By Our Euromarkets Staff

EUROBOND markets remained quiet yesterday and closed in thin trading after the New York market failed to give a lead later in the day. Fixed interest dollar bonds gained ¼ a point, but dealers said they were hard put to find any investors.

Deutsche Mark foreign bonds shed ⅜ of a point under the impact of sharply rising interest rates. Mortgage bonds were offered in the domestic German market yesterday carrying coupons of 10¼ per cent for ten years.

At the same time Euro Deutsche Mark interest rates moved sharply up: the one-month rate gained 1/16 to close at 12 1/16 while the six-month rate gained 7/16 to close at 11 1/16. the six-month rate gained 1/16 to close at 11 7/16.

Prices of Swiss franc foreign bonds fell by ¼ point on average. The Voralberg Kraftwerke 6¾ per cent to 1991 issue was quoted at 100¾ on its first day of trading.

Japan Airlines has launched a SwFr 40m five-year placement through Union Bank of Switzerland. The notes carry the guarantee of the Government of Japan and pay an annual coupon of 6⅝ per cent.

On the Euro-guilder sector, Swedish Export Credit Corporation is arranging a Fl 75m five-year issue, carrying interest at 11¼ per cent, through Algemene Bank Nederland.

Sterling Eurobonds were mixed in active trading. Dealers reported a fair amount of selling from Continental European centres as investors decided to take profits ahead of the UK Budget. This paper, however, was eagerly bid for by British investors who believe that yields will fall after the Minimum Lending Rate is cut, probably some time in March.

$600m standby credit for EDF

BY FRANCIS GHILES

ELECTRICITE DE FRANCE, the French state electricity utility, is arranging a $600m 10-year standby credit which will serve as a back-up line for issuing commercial paper in New York. The borrower is paying a margin of ½ per cent over the London interbank offered rate for the first three years, falling to ⅜ per cent. The commitment fee is ¼ per cent throughout.

Lead manager is Credit Lyonnais, which has managed all such operations for EDF so far. Electricite de France has around $1.5bn-worth of commercial paper outstanding at present in New York.

Credit Lyonnais is assembling a small group of managers, each of which will be offered $100m. If the reception is good, the final amount could be increased.

The same bank arranged a standby of $600m for EDF last August. The terms on that loan included a split spread of 0.35 and 0.45 per cent and a split commitment fee of ¼ and 3-16ths, the latter applying to the non-drawn part of the loan.

Three Japanese banks win recognised status

BY MICHAEL LAFFERTY

THREE LONDON-based Japanese consortium banks have been re-categorised as recognised banks by the Bank of England, having previously been awarded the lower status of licensed deposit-takers. The three banks are Associated Japanese Bank (International), Bank of Tokyo International, and Japan International Bank.

It is thought that each of these banks took steps during the past year to broaden their range of services so as to satisfy the Bank of England that they meet the criteria set out in the 1979 Banking Act.

One of the banks, Japan International, said that it had added several new services over the past year to secure the new status, involving the hiring of a further 16 staff. Mr. Riichiro Kawashima, general manager of the bank, said these included import/export facilities, foreign exchange, securities dealing and underwriting, and a department to develop business with British companies.

Mr. Kawashima said yesterday that he felt it was very important to achieve recognised bank status. Although the Bank of England made no distinction between banks and deposit-takers there was the danger that "eventually unsophisticated people might think banks are superior."

Yesterday's list of recognised banks and licensed deposit-takers includes a new name, Republic National Bank of New York, for the first time. Republic is a 60 per cent subsidiary of Trade Development Bank (Holdings), whose wholly owned subdiary, Trade Development Bank of Geneva is already a recognised bank. All are part of the banking empire of Mr. Edmond Safra, the Brazilian banker.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11. Closing prices on February 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	94⅞	95⅜	+0⅛	+2⅞	14.39
CECA 11½ 88	100	88⅜	88⅞	+0⅛	+0⅞	14.08
CNE 12¾ 91	100	91⅞	92⅜	+0⅛	+0¼	14.27
Citicorp O/S Fin. 10 88	300	85	85½	+0⅛	+2¼	14.06
Citicorp O/S Fin. 12 87	200	90½	91	+1⅛	+2⅜	14.20
Con. Illinois O/S 9¾ 88	150	83½	84	+0⅛	+2½	14.25
Denmark 11¾ 90	100	85⅝	86⅛	+0⅞	+0⅛	14.59
Dupont Canada 13½ 91	65	95⅞	96⅜	+0¼	+1⅞	14.25
EEC 11 95 (May)	75	90⅜	90⅞	+0⅛	+1¼	14.22
EEC 11 95 (August)	70	78	79	−0⅞	−1¼	14.62
EIB 13¾ 90	100	96⅝	97⅛	+0⅛	+1⅛	14.32
Eksportfinans 9½ 87	75	82⅜	82⅞	+0⅛	+1⅛	13.72
Elec. de France 10 88	125	81⅝	82⅛	+0⅛	+2⅜	14.05
Elec. de France 13 88	125	94¾	95¼	+0½	+1⅛	14.16
Export Dv. Cpn. 12¾ 87	100	93⅝	94⅛	+0½	+1⅛	14.23
Export Dv. Cpn. 9½ 86	150	83½	84	+0⅛	+1⅛	14.33
Fin. Exp. Credit 10½ 85	50	87¼	87¾	+0⅛	+1¼	14.52
Finland, Rep. of 9½ 86	100	82	82½	0	+0⅛	14.70
Ford Credit O/S 14⅜ 83	150	97⅝	98⅛	+0⅛	+1⅛	15.48
Ford Cr. O/S Fin. 16 84	150	102⅛	102⅝	—	—	14.94
Gaz de France 13½ 86	80	97⅞	98⅜	+0⅛	+1⅞	14.03
GMAC O/S Fin. 12 87	100	88⅞	89⅜	+0⅛	+2½	14.63
GMAC O/S Fin. 12⅞ 88	100	91¾	92¼	+0½	+1½	14.78
Gen. Mtrs. O/S 11¾ 87	100	88⅝	89⅛	+0⅛	+1⅞	14.42
GTE Fin. 13¾ 86 (WW)	50	98⅜	98¾	+0⅛	+1⅛	14.02
Hudson's Bay 11½ 90	75	84⅜	84⅞	+0½	+1⅛	14.59
IBM Canada 10½ 85	50	95⅜	95⅞	+0½	+1½	11.80
IBM Wld. Trade 12½ 88	200	95½	96	+0⅛	+1⅛	13.47
Newfoundland 13½ 90	60	94⅛	94⅝	0	+1⅛	14.86
Nova Scotia 10⅜ 90	50	81⅛	81⅝	+0⅜	+3	14.46
OKB 10 85	60	87⅜	87⅞	+0⅛	+1⅛	13.90
Quebec Hydro 11½ 92	100	82⅝	83¼	+0⅛	+1¼	14.63
Queb. Hy. 13 91 (WW)	100	91⅝	92⅛	+0⅛	+0⅛	14.59
Roylease 11¼ 85	50	90½	91	−0⅛	0	14.21
SNCF 12⅛ 85	50	94⅝	95⅛	+0⅛	+0⅞	13.97
SNCF 13 91	75	94¾	95¼	—	—	13.95
Sven Handelsbk. 13¾ 88	45	95⅛	95⅝	0	+0⅛	14.79
Sweden 12⅜ 85	150	93⅞	94⅜	+0⅛	+1½	14.15
Swed. Ex. Credit 12 83	50	93⅞	94⅜	+0⅛	+1⅛	14.78
Swed. Ex. Credit 13 86	75	95⅜	95⅞	+0⅛	+1⅛	14.28
Unilever NV 9¾ 90	100	79½	80	+0½	+2⅛	13.68
World Bank 9¾ 85	200	87⅜	88⅛	+0⅛	+2⅞	13.56
World Bank 10⅛ 87	300	85	85½	+0⅛	+1⅛	13.87

Average price changes...On day +0½ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅞ 90	100	86⅜	87½	−0⅛	−0½	10.54
Australia 8⅛ 90	250	89¼	90	−0⅛	+1⅛	9.92
Austria, Rep. of 8⅛ 92	150	88	88⅜	−0⅛	−0⅛	9.97
BFCE 8⅛ 95	100	86⅞	86⅞	0	0	9.95
CECA 7⅞ 92	150	86⅜	87½	−0⅛	−0⅛	9.77
Cll-Honeywell 8⅞ 90	125	88⅜	89⅛	−0⅛	+0½	10.28
Denmark 8⅛ 92	100	88½	89⅛	+0⅛	−0⅛	9.96
EIB 8½ 90	200	91	91⅜	−0⅛	+0⅛	9.91
ESCOM 9¼ 87	100	94⅝	95⅛	−0⅛	−1	10.30
Iberduero SA 9 90	100	91⅝	92⅛	+0⅛	−1⅛	10.33
Ind. Bk. Finland 8½ 90	50	88⅜	89	−1⅛	−1⅛	10.40
Japan Air Lines 8⅛ 87	100	90⅜	91⅛	−0⅛	−0⅛	10.07
Japan Dev. Bank 7⅞ 87	100	87⅛	87⅞	−0⅛	−0⅛	10.33
Kobe, City of 8 90	100	87	87⅛	−0½	−0⅛	10.14
Midland Int. Fin. 8½ 90	180	90⅜	91⅛	−0⅛	+0⅛	10.02
Norway 7½ 85	250	90⅜	91⅛	−0¼	−1½	10.42
Nuclebras 9¾ 88	100	88	89	0	0	12.13
OKB 8¼ 92	150	86⅛	87⅛	−0⅛	0	10.26
Oslo, City of 8¾ 90	80	95½	96⅛	0	−0⅛	9.45
Venezuela, R. of 9¾ 90	150	92⅞	93⅝	−0⅛	−1	10.89
World Bank 8 90	700	86½	87⅛	−0⅛	−0⅛	10.22
World Bank 10 86	150	100½	101⅛	−0⅛	−0⅛	9.76
World Bank 10 90	200	100	100⅜	−0⅛	−0⅛	9.92

Average price changes...On day −0½ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅛ 90	100	†92	92½	−0⅛	−2⅛	6.49
BFCE 6½ 91	100	102⅜	102⅞	—	—	6.12
Bayer Int. Fin. 5⅛ 92	100	91⅛	91⅜	−0⅛	+0⅛	6.34
Bergen, City of 6 90	50	†98	98½	0	+1⅞	6.25
Buhrm'n-Tetterode 7 90	40	†103½	104	+0½	+1⅞	6.44
Copenhagen Tele. 5¾ 90	60	91	91⅛	−0½	0	7.05
Denmark 5⅛ 90	80	92	92¼	−1⅛	+0⅛	6.91
Dome Petroleum 5¾ 91	100	94½	95	—	—	6.46
Elet. de France 5⅛ 90	100	93	93¼	−1¼	+0⅛	6.22
Eurofima 5⅛ 92	80	†100	100½	−1⅛	−1⅛	6.72
F. G. H. Hypo. Bk. 6 90	50	†95	95½	+0⅛	+2⅛	6.70
Finland, Rep. of 5⅛ 90	80	†92	92¼	+0½	+0⅞	6.75
Int.-Amer. Dev. 7 90	80	102½	102¾	−0⅛	+2⅛	6.60
Japan Dev. Bank 5¾ 90	100	96	96¼	+0⅛	+0⅛	6.29
Jutland Tele. 5½ 90	50	91	91½	+0⅛	−0½	6.84
Mt. Blanc Tunnel 5½ 90	60	93	93¼	0	+0⅞	6.48
Newag 5¾ 90	80	93⅜	93⅞	+0⅛	+1⅛	6.66
Norges Komm. 4¾ 91	100	†83	83½	+0⅛	+2⅛	6.61
OKB 4½ 91	100	83⅛	83½	−0⅛	+1½	6.60
OKB 6 90	100	98⅜	98⅞	+0⅞	+2⅛	6.18
Oslo, City of 4¾ 91	100	†83	83½	+0⅛	+1⅛	6.61
Oslo, City of 5⅞ 90	80	94½	94¾	−0½	0	6.64
Philips Lamps 5⅛ 92	100	92	92¼	−0⅛	+0⅛	6.23
Sekisui Pre. Hms. 6 90	80	95⅛	95½	−0⅛	+0⅞	6.67
Shikoku El. Pwr. 4¾ 89	100	†91	92	−0⅛	+0½	6.05
Trade Dev. Fin. 6⅞ 90	50	93½	93⅞	0	+0⅛	7.11
Voest-Alpine 5⅛ 90	80	94	94¼	+0⅛	+0⅛	6.59
World Bank 6 91	100	96⅜	96⅞	0	0	6.59

Average price changes...On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅝	92⅛	−0⅛	−0⅞	9.04
Australia 6½ 88	20	87⅞	88⅜	0	−0½	8.88
EIB 7¾ 89	12	92⅞	93⅜	−0⅛	0	8.88
Finland 5.6 83	10	91	92	−0⅛	−0⅛	9.27
Finland 6.8 88	10	87	88	−0⅛	−0⅛	9.27
Finland, Rep. of 8⅛ 87	15	95⅛	97	+0⅛	−0⅛	9.14

Average price changes...On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	91	91⅛	+0⅛	+0⅛	12.97
CIBC 13½ 85 C$	50	†97⅜	98½	0	+0⅛	14.07
CIBC 11½ 85 C$	60	†92	92⅜	0	+0⅛	13.87
Federal Dev. 11½ 90 C$	60	†85⅜	86⅜	+0⅛	+0½	14.20
Fst. Can. Inv. 10 84 C$	60	†88⅛	89	0	−0⅛	14.82
R. Bk. Canada 10 86 C$	40	90	91	−0⅛	0	12.56
Tordom Cpn. 13½ 85 C$	30	†97⅜	98½	0	+0⅛	14.07
M. Bk. Dnmk. 9 91 EUA	25	89½	90⅛	0	0	10.57
SOFTE 8¾ 89 EUA	40	85½	86⅛	0	−1	10.90
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98⅛	0	+0⅛	9.82
Algemene Bk. 10¼ 86 Fl	60	97⅞	98⅜	0	0	10.78
Bk. Mees & H. 10 85 Fl	75	98⅞	99⅜	−0⅛	+0⅞	10.22
Heineken NV 10 87 Fl	100	95⅜	96⅛	−0⅛	+1⅛	10.90
Nat. Nedrlndn. 10 88 Fl	60	94⅛	94⅝	0	0	11.20
Ned. Midd. Bk. 10 85 Fl	75	98⅞	99⅜	−0⅛	+0½	10.22
Pierson 10⅛ 86 Fl	80	98⅜	98⅞	0	0	10.65
Aero Paris 13⅞ 87 FFr	150	95	96	−0⅛	−0⅛	14.18
Charb'nages 13⅞ 85 FFr	400	98	99	−0⅛	−0⅛	14.29
CECA 14⅛ 86 FFr	150	98½	99⅜	−0⅛	−0⅛	14.44
EIB 14½ 88 FFr	300	98½	99⅛	−0⅛	−0⅛	14.34
Finland 11 84 FFr	80	89⅜	90⅛	−0⅛	−1⅛	14.57
Gaz de France 11 84 FFr	150	91⅛	92⅛	−0⅛	−0⅞	14.00
La Redoute 14⅛ 85 FFr	125	94⅜	95⅛	−0⅛	−0⅛	15.81
OKB 14 86 FFr	400	98⅛	99⅛	−0⅛	−0⅛	14.36
Utd. Mex. Sts. 14 85 FFr	150	97⅛	98⅛	−0⅛	−0⅛	14.64
Acona 14 85 £	20	94⅞	95⅛	+0⅛	+0⅛	15.46
Beneficial 14⅛ 90 £	20	94	94⅛	−0⅛	0	15.36
BNP 13½ 91 £	15	96⅛	96⅞	+0⅛	+0⅞	14.18
CECA 13⅛ 88 £	20	96⅛	97⅛	−0⅛	+0⅛	14.18
Citicorp O/S 13½ 90 £	50	96⅛	96⅞	+0⅛	+0⅞	14.23
Fin. for Ind. 14⅛ 88 £	20	100	100⅛	−0⅛	−0⅛	14.41
Fin. for Ind. 13¾ 87 £	20	98⅜	99⅜	+0⅛	+1⅛	13.94
Gen. Elec. Co. 12¼ 89 £	50	94	94½	−0⅛	+0⅛	13.71
Peugeot SA 14 90 £	23	94⅜	95⅛	+0⅛	+0⅛	15.03
Rothschild 14⅛ 90 £	12	98⅞	99⅛	0	+0⅛	14.35
Royal Trustco 14 86 £	12	99⅛	100⅛	0	0	14.03
Swed. Ex. Cr. 15⅛ 85 £	20	103⅛	104⅛	0	+0⅛	13.96
Banobras 8⅛ 90 KD	7	†89½	90	+2⅛	+2⅛	10.00
CCCE 8½ 91 KD	10	†82½	83	0	0	11.05
Sonatrach 8½ 90 KD	12	†92	92½	+3⅞	+3⅛	9.82
Akzo 9⅛ 87 LuxFr	500	92	93	+1⅛	0	10.87
Euratom 9⅛ 88 LuxFr	500	93⅛	94⅛	+0⅛	−1⅛	11.00
Eurofima 10½ 87 LuxFr	500	97	98	+0⅛	−1⅛	11.02
EIB 9⅛ 88 LuxFr	600	94	95	−0⅛	−0⅛	10.92
Volvo 9⅛ 87 LuxFr	500	92	93	0	−0⅛	11.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99⅛	99⅞	2/7	19½	16.69
Bank of Montreal 5¼ 90	0¼	99⅞	100⅛	18/6	18⅞	19.48
Bank of Tokyo 5⅛ 89	‡0⅛	98⅛	99⅛	25/4	19.31	19.61
BBL Int. 5 88	‡0⅛	98⅛	99⅛	20/5	16½	[illegible]
Bergen Bk. A/S 6 89	‡0⅛	†98⅛	98⅞	29/2	18.19	[illegible]
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/2	18.15	[illegible]
CNT 5¼ 88	‡0⅛	98⅛	99⅛	29/4	18.69	[illegible]
Christiania Bk. 5½ 91	‡0⅛	97⅛	98⅛	5/5	17⅛	[illegible]
Citicorp O/S F. 84	‡0	99	99⅛	29/2	17.58	[illegible]
C. Itoh 5¼ 87	0⅛	99	99⅛	18/3	12⅞	[illegible]
Co-operative Bk. 6 88	0¼	97½	98	15/5	15⅛	[illegible]
Den Norske Credit 6 90	‡0⅛	98⅛	98⅞	5/5	17⅛	[illegible]
Genfinance 5¼ 87	0¼	98⅛	98⅞	30/4	15⅛	15.28
Giro und Bank 5¼ 91	‡0⅛	98½	99	23/3	20⅛	[illegible]
GZB 5½ 89	‡0⅛	99	99½	3/6	17⅞	18.01
Ind. Bank Japan 5¼ 87	0¼	98⅛	98⅞	15/4	13.31	13.52
Ind. Bank Japan 5⅛ 88	0¼	98⅛	98⅞	9/4	13⅛	13.32
Lloyds Eurofin 8 90 £	0¼	96⅛	97⅛	3/2	14⅛	14.38
Lloyds Eurofin 5¼ 92	0¼	98⅛	98⅞	4/8	17⅛	17.53
LTCB Japan 5⅛ 88	0¼	100⅛	100⅝	13/6	20.19	20.08
Man. Hanov. O/S 5⅛ 94	‡0⅛	98⅛	98⅞	29/2	18⅛	18.42
Midland Intl. Fin. 5 89	0¼	100	100⅛	30/6	19.56	19.61
Midland Intl. Fin. 5¼ 92	0¼	98⅛	98⅞	5/8	17.19	17.42
Nacional Fin. 6⅛ 88	0¼	99⅛	99⅝	25/7	17⅛	17.94
Nat. West. 5⅛ 94	§0⅛	97⅛	97⅝	14/4	13⅛	13.67
Nat. West. 5⅛ 92	§0⅛	97⅛	98⅛	23/4	13.89	13.99
Nippon Credit 5¼ 87	‡0⅛	99⅛	99⅝	6/5	17.44	17.50
Sparebanken 6 87	0¼	99	99½	19/6	19⅞	20.03
Standard Chart. 5⅛ 90	0¼	98⅛	98⅞	6/3	12.06	12.18
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅝	15/7	17.81	17.85
Bq. Ex. d'Alg. 4⅛ 89 SF	0⅛	†91	91½	18/6	7⅛	8.22

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Bow Valley Inv. 8 95	4/81	23.12	99⅛	100⅛	+0⅛	27.73
Canon 6⅛ 95	1/81	829	109½	110⅛	+0⅛	5.22
Credit Suisse 4⅛ 93	10/79	1278	101	103	0	[illegible]
Digicon Fin. 8½ 95	10/81	29.5	94	95½	−0⅛	16.49
Enserch Fin. 9⅞ 94	7/80	30.25	154	155	+1⅛	−1.39
Hanson O/S Fin. 9½ 95	1/81	1.92	104½	106⅛	−0⅛	−2.12
Ina Overseas 8⅛ 2000	4/81	42	98	99⅛	−1⅛	11.36
Inchcape Ltd. 8 95	2/81	4.55	89½	90⅛	−1⅛	[illegible]
Jaccs 7½ 95	11/80	565	130½	131½	−4⅛	[illegible]
Marion Int. Fin. 9 95	12/80	23.25	81⅛	83⅛	+0⅛	[illegible]
Matsushita El. 7½ 95	11/80	590	100½	101⅛	−0⅛	[illegible]
MEPC 8⅛ 96	2/81	2.47	100⅛	101⅛	−0⅛	[illegible]
Niigata Eng. 7½ 96	1/81	327	102½	103⅛	−1	[illegible]
Nissho-Iwai Co. 8 96	10/80	398	92	93	[illegible]	[illegible]
Ricoh 6⅛ 95	8/80	604	114	115	[illegible]	[illegible]
Sumitomo M. Ind. 7 95	2/81	181	109½	110⅛	+0⅛	[illegible]
Swiss Bk. Cpn. 6⅛ 90	9/80	200	86	88	0	12.86
Taylor Woodrow 8⅛ 90	1/81	4.94	98⅛	99	+0⅛	[illegible]
Transco Int. 8⅛ 95	2/81	68	87½	89	0	[illegible]
Tricorp 8½ 95	12/80	31.25	88⅛	89⅛	+0⅛	[illegible]
Union Bk. Switz. 5 89	2/80	121.4	85½	87⅛	−0⅛	[illegible]
Fujitsu 5.84 DM	7/79	431.6	124½	125⅛	−3	[illegible]
Sharp Cpn. 6⅛ 88 DM	9/80	595	135⅛	136⅛	−3⅛	[illegible]
Uny Co. 6⅛ 85 DM	11/79	867.3	105½	106⅛	−2⅛	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Lufthansa remains in the black despite rising costs

BY ROGER BOYES IN BONN

LUFTHANSA, the West German national airline, remained in the black last year despite rising fuel costs and sharp international competition. However, profits were still significantly down on 1979's DM 78.2m ($37.3m) pre-tax.

In an interim letter to shareholders, Lufthansa stressed that it remained among the more financially successful of the major international airlines. While members airlines of the International Air Transport Association (IATA) recorded some DM 5bn in operating losses, Lufthansa produced a profit, balancing out losses on some passenger and freight routes with the good performance of its insurance, travel agent, services and cargo subsidiaries.

Although the company has yet to announce any detailed profit and loss figures, its breakdown of passenger and freight earnings give a glimpse of some of the problems the company continues to face.

Revenues from freight transport—affected by the world recession—rose only slightly from DM 1.02bn to DM 1.13bn, from postal transport rose by only 2.8 per cent to DM 109m, while passenger traffic revenues increased from DM 3.7bn to DM 4.3bn. But the relatively strong rise in passenger revenues has done little to counter-balance the huge increases in the price of jet fuel and flagging demand. The number of passengers using the airline edged up by only 1.5 per cent in 1980.

Lufthansa is thus confronted with the dilemma of having to stimulate passenger demand but at the same time keep prices high enough to keep a rough balance with costs. This has meant cutting some long-range routes—Abidjan, Accra and Nassau for example—reducing North American routes during the winter, but also introducing special savings offers for internal flights and flights to Britain.

While all these measures are expected to lead to a more efficient use of freight and passenger capacity, the fundamental problem of fuel costs will not disappear this year, even if there is a recovery in demand. This will put pressure on Lufthansa to diversify further, or at least depend more heavily on its profitable subsidiaries such as German Cargo Services, Lufthansa Service and the Delvag air insurance concern.

These should put a brake on the downward slide in Lufthansa profitability. The 1979 pre-tax profit of DM 78.2m was down from DM 118.1m in 1978.

French airline returns sharply higher profit

BY DAVID WHITE IN PARIS

THE private-sector French overseas airline Union des Transports Aeriens (UTA) has published provisional figures showing a 70 per cent improvement in net profits for last year on increased turnover.

Net earnings are estimated at *FFR 67m ($13.7m)* compared with FFr 39.4m in 1979 after only small increases in the two previous years. Turnover climbed by 16.5 per cent to FFr 3.7bn.

The company is proposing a further increase in its gross dividend to *FFr 18.75 from the* FFr 15.45 paid out for 1979, and an issue of free shares to employees.

The airline, which specialises in African, Far East and Pacific routes, will distribute some FFr 13m to employees this year under participation contracts.

● Peugeot, the French car manufacturer, has been chosen by the French Government to supply the next generation of four-wheel drive army vehicles—a contract expected to be worth some FFr 1.5bn ($300m).

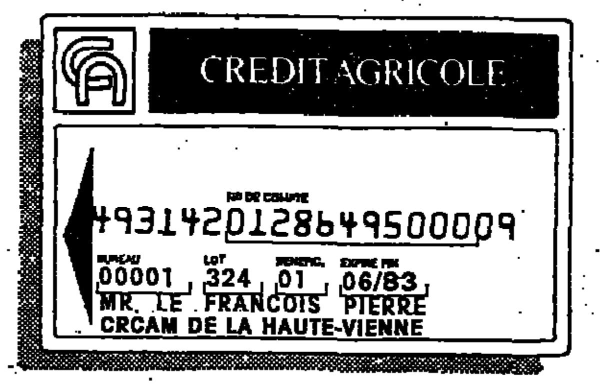
The Defence Ministry's decision comes at a crucial time for the group, which with its *Citroen and Talbot subsidiaries* is now expected to show a loss of more than FFr 2bn for last year after a sharp drop in sales.

POINT OF SALES PAYMENT EXPERIMENT

Credit Agricole in the shop window

BY MICHAEL LAFFERTY

AN EXPERIMENT in electronic payment at the point of sale (POS) is underway in Limoges, France, and could have important implications for the banking and retail industries. It is one of the few pilot schemes in electronic funds transfer in a retail environment to be *undertaken so far in Europe.*



The experiment is being conducted with 40,000 customers of Credit Agricole in conjunction with the Euromarche hypermarket in Limoges.

The scheme has two major features. It has been designed *to resemble* a cheque payment system, complete with cheque guarantee card. And it is deliberately not on-line, which means that it is not linked for immediate automatic transmission of data to the bank.

The Limoges POS system, which is based on equipment supplied by NCR, operates on the basis of a multi-purpose plastic payment card issued by the bank. The same card is used by bank customers for operating automated teller machines, and for personal identification at the bank counter.

The system has the advantage that customers no longer need to carry either cheque books or cash. When paying for purchases a customer simply passes the card through a reader attached to the checkout till. A red signal then lights up on a small keyboard, or pin-pad, at the end of the counter. This signal tells the customer to tap in his personal identification number, given to him by the bank at the time the card was issued.

This operation, equivalent to an electronic signature, triggers the printing of the sale slip. The transaction is then completed, with the card returned to the customer with the receipt. The average transaction time is 80 seconds—about one-third of the time required for a traditional cheque transaction.

All parties involved in promoting the experiment report that customers appear to like the new method of payment. More than 50 per cent of Credit Agricole customers going into Euromarche use the POS card. Before the experiment about 50 per cent of payments by hypermarket customers were by cheque, with the other half in cash. By December — the experiment started in April and should last 18 months—the proportions had changed to 48 per cent cash, 42 per cent cheques, and 10 per cent by the POS card.

Credit Agricole believes that customers like the way the POS card has been designed to operate like a cheque. Thus transactions are recorded on magnetic media, and are physically taken the same evening to the bank. The customer's account is debited 48 hours later while a permament file at the store is updated the next day. The system of off-line processing therefore allows the same payment delay as if the customer had paid by cheque. The transactions are all the more similar since Credit Agricole guarantees transactions up to FFr 400, just as if a cheque guarantee card were used. This has certain attractions for the store, and avoids one of the problems with debit *cards—the customer fear that* a transaction will be rejected by the machine at the checkout.

The idea of off-line POS systems is not attractive to many bankers, who claim that maximum efficiencies can only be obtained with one-line arrangements. Credit Agricole takes a markedly different view, asserting that one-line systems are far too expensive, carry risks of breaches in customer confidentiality and, in any case, do not appeal to customers.

With the Limoges experiment the bank set out to curb the growth and use of cheques, which can be such a major expense to the banking system. It also wanted to offer its ATM card holders an additional service. If the plan is expanded nationwide, as some officials at Credit Agricole in Limoges expect, the bank reckons that the POS facility could replace between 50 and 60 per cent of the cheques issued by its own and fellow Credit Agricole customers. Such a prospect would be pleasing to any large European commercial bank.

Chocolate groups show gains

By John Wicks in Zurich

HIGHER SALES and profits are reported by two Swiss chocolate groups, Interfood, whose brands include Suchard and *Tobler*, and *Lindt* and Spruengli.

Sales at Interfood have risen by 15 per cent to SwFr 1.45bn for 1980 and net profits improved to SwFr 16m ($8.5m) from SwFr 14m.

At Lindt, net profits rose to SwFr 3.5m from SwFr 3.16m on sales nearly 15 per cent ahead at SwFr 563m. The company plans to maintain its dividend at SwFr 100 per bearer and registered share.

Lindt also proposes a rights issue in registered shares. The allotment basis will be 11-for-1 at SwFr 500 each.

Saga Petroleum proposes second convertible bond

BY FAY GJESTER IN OSLO

SAGA PETROLEUM plans a NKr 100m ($18.9m) issue in convertible bonds, its second fund raising exercise of this nature since last autumn when *a NKr 75m issue attracted sub*scriptions for NKr 990m of bonds.

Saga, which is backed by about 90 leading business, shipping and industrial concerns seeks approval for an eight year and four months bond to be offered at par from June 16 to 30. The company, which recently announced a higher than expected loss in 1980, wants the money for investment in exploration and production.

Interest is to be fixed on July 1 this year and will be about half a point below the effective rate for industrial bond loans in Norway with an average life of around 10 years. Conversion will take place from June 1982 onwards.

Saga proposes to give its shareholders priority on sub*scription lists.*

● Sagging markets toward the end of the year meant that Swedish pulp, paper and timber group, Papyrus, fell short of the improved pre-tax earnings for 1980 it had predicted in October. Earnings were SKr 174m ($37.4m), down from SKr 178m in 1979. Sales totalled SKr 2.35bn, up 14 per cent.

The group nonetheless turned in a strong September-December performance, with pre-tax profit at SKr 104m compared with SKr 97m.

The board proposes to raise the dividend from SKr 6 to SKr 8 per share.

Migros retail co-operative boosts sales

By Our Zurich Correspondent

MIGROS, the Swiss co-operative which is the country's leading retail chain, reports an 8 per cent rise in sales for 1980, a year which the management describes as "great" for business.

Mr. Pierre Arnold, the managing director, said that both sales—which totalled SwFr 8.3bn—and earnings were above expectations. The figure for sales excludes the Migros bank subsidiaries, whose assets increased to SwFr 2.4bn.

As a co-operative, Migros is a non-profit making organisation. Cash-flow last year reached SwFr 372.9m ($190.2m) while capital spending rose to SwFr 472.3m and expenditure on cultural activities totalled SwFr 63.5m.

COMPANY NOTICES

MURATA MANUFACTURING COMPANY LTD.

(CDRs)

The undersigned announces that the Deposit Agreement concerning Murata Manufacturing Company Ltd. will be terminated on request of the Company.

CDR-holders are requested to deposit the CDRs Murata Manufacturing Company Ltd. at the office of the undersigned, whereafter the original shares Murata Manufacturing Company Ltd. will be delivered free of charges to the address of the CDR-holder or to his banking institution.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
17th February, 1981.

PERSONAL

EDUCATIONAL

AMERICAN QUARTERLIES

CAMPBELL SOUP

	1980-81	1979-80
Second quarter	$	$
Revenue	779.2m	692.4m
Net profits	40.7m	39.2m
Net per share	1.25	1.18
Six months		
Revenue	1.48bn	1.31bn
Net profits	74.4m	62.7m
Net per share	2.28	2.11

CHARTER

	1980	1979
Fourth quarter	$	$
Revenue	1.27bn	1.34bn
Net profits	22.2m	148.7m
Net per share	0.73	5.25
Year		
Revenue	4.56bn	4.30bn
Net profits	50.2m	36.5m
Net per share	1.59	14.83

CHUBB

	1980	1979
Fourth quarter	$	$
Net profits	28.3m	2.37m
Net per share	2.30	2.37
Year		
Net profits	105.4m	97.7m
Net per share	8.53	7.87

CNA FINANCIAL

	1980	1979
Fourth quarter	$	$
Revenue	768.5m	725.0m
Net profits	40.0m	56.4m
Net per share	0.53	0.95
Year		
Revenue	2.97bn	2.67bn
Net profits	140.5m	179.3m
Net per share	2.40	3.06

CONSOLIDATED RAIL

	1980	1979
Fourth quarter	$	$
Revenue	1.04bn	1.04bn
Net profits	†11.9m	†59.7m
Net per share	†0.50	†2.43
Year		
Revenue	3.36bn	3.42bn
Net profits	†243.7m	†220.5m
Net per share	†9.84	†8.94

† Loss

DOW CORNING

	1980	1979
Fourth quarter	$	$
Revenue	176.6m	161.1m
Net profits	15.3m	14.9m
Year		
Revenue	681.5m	610.2m
Net profits	73.9m	71.5m

EG & G

	1980	1979
Fourth quarter	$	$
Revenue	—	—
Net profits	8.2m	6.7m
Net per share	0.60	0.50
Year		
Revenue	613.1m	525.8m
Net profits	26.3m	21.0m
Net per share	1.93	1.57

ENGELHARD MINERALS

	1980	1979
Fourth quarter	$	$
Revenue	7.74bn	7.2bn
Net profits	125.2m	137.8m
Net per share	1.84	2.07
Year		
Revenue	7.85bn	5.32bn
Net profits	532.7m	349.7m
Net per share	26.8	18.1

FRUEHAUF

	1980	1979
Fourth quarter	$	$
Revenue	516.5m	598.6m
Net profits	14.8m	21.9m
Net per share	1.21	1.79
Year		
Revenue	2.08bn	2.46bn
Net profits	32.2m	88.7m
Net per share	2.63	7.28

FUQUA INDUSTRIES

	1980	1979
Fourth quarter	$	$
Net profits	20.9m	18.9m
Net per share	1.68	1.46
Year		
Revenue	1.74bn	1.74bn
Net profits	54.6m	65.6m
Net per share	4.93	5.11

GILLETTE

	1980	1979
Fourth quarter	$	$
Revenue	626.2m	538.6m
Net profits	24.6m	23.8m
Net per share	0.82	0.79
Year		
Revenue	2.32bn	1.98bn
Net profits	123.9m	110.6m
Net per share	4.11	3.67

HERSHEY FOODS

	1980	1979
Fourth quarter	$	$
Revenue	375.6m	319.1m
Net profits	19.2m	13.3m
Net per share	1.35	0.94
Year		
Revenue	1.34bn	1.16bn
Net profits	62.1m	53.5m
Net per share	4.38	3.78

HOLIDAY INNS

	1980	1979
Fourth quarter	$	$
Revenue	406.1m	282.9m
Net profits	11.6m	11.4m
Net per share	0.34	0.34
Year		
Revenue	1.53bn	1.12bn
Net profits	108.3m	71.3m
Net per share	2.92	2.25

HOUSTON INDUSTRIES

	1980	1979
Fourth quarter	$	$
Revenue	562.7m	461.2m
Net profits	27.0m	28.0m
Net per share	0.64	0.78
Year		
Revenue	2.41bn	1.88bn
Net profits	185.5m	161.4m
Net per share	4.68	4.77

PHILIP A. HUNT

	1980	1979
Fourth quarter	$	$
Revenue	24.8m	26.9m
Net profits	†2.1m	2.3m
Net per share	†0.38	0.40
Year		
Revenue	106.3m	103.6m
Net profits	2.2m	8.0m
Net per share	0.38	1.41

† Loss

LUCKY STORES

	1980	1979
Fourth quarter	$	$
Revenue	1.82bn	1.74bn
Net profits	34.1m	36.8m
Net per share	0.68	0.74
Year		
Revenue	6.47bn	5.82bn
Net profits	90.5m	98.1m
Net per share	1.80	2.01

MOTOROLA

	1980	1979
Fourth quarter	$	$
Revenue	803.1m	762.8m
Net profits	49.1m	36.3m
Net per share	1.57	1.16
Year		
Revenue	3.1bn	2.7bn
Net profits	198.1m	154.3m
Net per share	5.96	4.96

NATIONAL CAN

	1980	1979
Fourth quarter	$	$
Revenue	347.1m	322.2m
Net profits	9.1m	8.0m
Net per share	0.90	0.79
Year		
Revenue	1.55bn	1.35bn
Net profits	55.0m	47.8m
Net per share	5.48	4.80

NORTHROP

	1980	1979
Fourth quarter	$	$
Revenue	471.7m	390.9m
Net profits	15.7m	20.5m
Net per share	1.10	1.44
Year		
Revenue	2.23bn	2.1bn
Net profits	86.1m	90.3m
Net per share	6.04	6.35

PETRO-LEWIS

	1980	1979
Second quarter	$	$
Revenue	46.3m	25.3m
Net profits	9.0m	4.2m
Net per share	0.45	0.19
Six months		
Revenue	87.1m	48.3m
Net profits	17.2m	8.6m
Net per share	0.86	0.42

PITNEY BOWES

	1980	1979
Fourth quarter	$	$
Revenue	361.4m	312.5m
Net profits	28.2m	23.4m
Net per share	1.58	1.39
Year		
Revenue	1.28bn	1.02bn
Net profits	75.1m	63.[illegible]
Net per share	4.31	4.02

POLAROID

	1980	1979
Fourth quarter	$	$
Revenue	460.5m	426.8m
Net profits	32.3m	28.8m
Net per share	0.98	0.88
Year		
Revenue	1.45bn	1.36bn
Net profits	85.4m	36.1m
Net per share	2.60	1.10

SOUTHLAND

	1980	1979
Fourth quarter	$	$
Revenue	1.25bn	1.04bn
Net profits	19.9m	13.5m
Net per share	0.85	0.56
Year		
Revenue	4.78bn	3.89bn
Net profits	77.7m	83.0m
Net per share	3.29	3.73

SQUIBB

	1980	1979
Fourth quarter	$	$
Revenue	461.1m	412.2m
Net profits	42.6m	37.6m
Net per share	0.88	0.82
Year		
Revenue	1.68bn	1.45bn
Net profits	123.1m	115.0m
Net per share	2.56	2.52

STANLEY WORKS

	1980	1979
Fourth quarter	$	$
Revenue	248.0m	232.7m
Net profits	15.6m	11.5m
Net per share	0.60	0.45
Year		
Revenue	839.8m	903.8m
Net profits	50.4m	48.9m
Net per share	1.94	1.91

TELEPROMPTER

	1980	1979
Fourth quarter	$	$
Revenue	60.5m	51.[illegible]m
Net profits	7.1m	4.8m
Net per share	0.41	0.29
Year		
Revenue	203.6m	174.6m
Net profits	23.2m	19.3m
Net per share	1.36	1.14

TONKA

	1980	1979
Fourth quarter	$	$
Revenue	29.6m	27.4m
Net profits	831,000	1.9m
Net per share	0.50	1.13
Year		
Revenue	101.1m	93.0m
Net profits	3.9m	2.1m
Net per share	2.37	1.31

TOTAL PETROLEUM NA

	1980	1979
Fourth quarter	$	$
Revenue	849.9m	279.5m
Net profits	7.1m	11.4m
Net per share	0.33	0.68
Year		
Revenue	1.80bn	910.5m
Net profits	47.7m	29.9m
Net per share	2.30	1.82

VF CORPORATION

	1980	1979
Fourth quarter	$	$
Revenue	168.8m	137.8m
Net profits	13.3m	8.6m
Net per share	1.55	0.97
Year		
Revenue	633.8m	544.3m
Net profits	45.9m	38.8m
Net per share	5.15	3.90

WHIRLPOOL

	1980	1979
Fourth quarter	$	$
Revenue	552.8m	519.6m
Net profits	34.3m	25.8m
Net per share	0.95	0.71
Year		
Revenue	2.24bn	2.26bn
Net profits	101.7m	110.9m
Net per share	2.81	3.08

Exports boost Komatsu

By Our Financial Staff

KOMATSU, the Japanese construction machinery maker, increased its parent company net profit in the year to December 31 by 12.2 per cent to Y22.71bn ($107m), from Y20.34bn in the previous year. Sales edged up 10.5 per cent to Y504.85bn ($2.4bn) from Y456.77bn

Komatsu attributed the earnings increase to brisk exports of bulldozers and dump trucks. In the year, exports went up 26.3 per cent to Y231.702bn,

Net income per share was Y30.49 against Y27.55. The year-end dividend was Y4 a share, unchanged from the previous year, making a total of Y8, as in 1979.

Advance for Verref

By Bernard Simon in Johannesburg

NET PROFITS of Vereeniging Refractories (Verref), a leading South African producer of refractories and building materials, increased 32 per cent, from R7.3m to R9.7m ($12.9m) last year.

The company, part of the Anglo American group, has declared a final dividend of 41 cents, bringing the total for 1980 to 60 cents a share, against 48 cents in 1979.

JAPANESE MOTOR INDUSTRY

Nissan lays plans for output abroad

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

NISSAN MOTOR Company, the maker of Datsun cars, hopes to increase its share of *the world car market from the* present 5.7 per cent to 8.5 per cent by 1990—and to do so chiefly by expanding its overseas production, instead of through exports from Japan.

This, says Mr. Yoshihisa Yokoyama, the executive managing director, is the background against which the company has embarked on a spate of overseas manufacturing projects in the past year. The list of Nissan's overseas ventures now comprises six major projects (including those involving expansion of existing facilities) with an estimated total cost of considerably more than Y400bn ($1.94bn).

Some Japanese commentators have criticised Mr. Takashi Ishihara, Nissan's president, as being too ready to grasp at every chance of overseas expansion that comes his way. Mr. Yokoyama, however, says that the company has "calculated every move." Mr. Ishihara, he says, began his career with Nissan in the accounts department and is not the man to rush into major overseas ventures.

Nissan's six major projects, in order of importance, are:

- Its £200m to £300m ($690m) UK car manufacturing project, now the subject of a four-month feasibility study by McKinsey, the management consultant.
- A $500m project to build pick-up trucks in Tennessee (ground breaking of the site has already begun and the first truck should be built by autumn 1983).
- A Y60bn expansion of the operations of Nissan Mexicana which will raise production of cars from the 4,000 to 5,000 units per month at present to 10,000 units by 1985, in addition to engines and other components for shipment to the U.S.
- Acquisition of a 37 per cent stake (worth Y6bn) in Motor Iberica, the Spanish truck and commercial vehicle manufacturer. Nissan apparently plans to expand output at Motor Iberica but has not announced details.
- The establishment of a Y6bn joint venture with Alfa Romeo which will manufacture 60,000 cars per year, half for export. (Nissan's equity investment was Y3bn, but there will be further investments in plant and equipment.)
- A Y20bn expansion of Nissan's Australian production facilities which will include construction of an "international scale" engine foundry capable of producing for export to Japan.

In addition to the six projects that are already "firm," Nissan says it has a 50-50 chance of *being chosen by the Taiwan* Government to build a plant with an annual capacity of 200,000 passenger cars (the other bidder for this project is Toyota). If the Taiwan Government awards the project to Nissan, the company will presumably go ahead, Mr. Ishihara says. Elsewhere the impression is that the company may have bitten off as much as it can chew for the time being.

Mr. Yokoyama says that the financing of overseas investments will be carried out in a variety of ways, including equity capital increase, debenture issues and bank loans. A 50m European Depositary Receipt share issue which Nissan announced last November could be the first of a series of moves to tap European capital *markets*, Mr. Yokoyama says.

The UK project will, in addition, benefit from government grants (amounting to 15 or 22 per cent of the total investment other than the cost of land, depending on whether Nissan *locates itself in a development* or a special development area). A substantial part of the cost of the U.S. truck project will be met by a bond issue by the State of Tennessee.

NISSAN DATSUN

Nissan Motor aims to raise its share of the world car market by some 50 per cent, to 8.5 per cent, by 1990, and has embarked on an expansion campaign involving six major ventures overseas, at a cost of Y400bn ($1.94bn)

Mr. Yokoyama sees the two main problems for the UK car project as being labour relations and parts procurement, given that Nissan hopes to obtain 60 per cent of its components from EEC suppliers at the outset of the project and 80 per cent after a year or two. As far as labour relations are concerned he recognises that the company probably cannot hope to run a "one union shop," as Japan TV manufacturers have done at their plants in South Wales. Nissan would hope, however, to have a single window through which to conduct wage bargaining, even if a variety of different craft unions are represented at the plant.

Mr. Yokoyama admits the possible existence of a third snag to its British manufacturing plans—that European countries *such as France and* Italy might decline to admit cars built by Nissan UK even if the cars have a high ratio of local content. This, he says, would be a matter for governments rather than for companies to deal with.

Nissan's world market share aspirations, about which its executives speak with remarkable frankness, do not mean, Mr. Yokoyama says, that the company believes it can step up direct exports from Japan. "We expect very soon to encounter a limit on our shipments of CBUs (completely built-up units). Fast rising overseas output, however, could mean that Nissan would be building 30 per cent of its cars outside Japan by the mid-1980s.

Higher costs hit profits at Hongkong Telephone

BY ADRIAN BOVEN IN HONG KONG

CONTINUING high operating costs have pushed down 1980 profits at Hongkong Telephone to HK$ 215.8m (U.S.$40.6m) from HK$ 226.3m in 1979, despite a 21 per cent increase in turnover to HK$ 1.38bn (U.S.$ 260m). However, the final dividend was raised 15 per cent to HK$ 1 a share, making a total for the year of HK$ 1.50, compared with HK$ 1.30 in 1979. A three-for-20 scrip issue is to be made.

The utility cited higher wages as the principal reason for the decline.

But the company also said that an increase in costs was largely offset when a dispute with Cable and Wireless over the splitting of international telephone revenues from Hong Kong was settled with an agreement that Hongkong Telephone's share of the money would rise to 40 per cent from 20 per cent.

- Jardine Securities, the listed investment subsidiary of Jardine Matheson, the Hong Kong trading house, announced yesterday that its net asset value in the six months to December 31 rose by 47.7 per cent to HK2.31bn (U.S.$438m) or HK$25.08 a share after payment of dividend. Net revenue after taxation was up 8 per cent to HK$26.4m (U.S.$5m) and the interim dividend was raised 10.5 per cent to 21 cents a share.

The stock closed on the Hong Kong market yesterday at HK$13.10, which represents a 48 per cent discount from net asset value on December 31.

Jardine Securities announced in September a one-for-two bonus issue of warrants, each warrant convertible into an ordinary share up to the end of 1983 at HK$12 a share.

Wilkinson Rubber ahead

By Wong Sulong in Kuala Lumpur

WILKINSON Process Rubber Company, *the Malaysian-based* manufacturer of industrial rubber products, has reported a good trading year, is paying a higher dividend, and is making a scrip issue.

For the year ended September 1980, the company improved pre-tax earnings by 15.5 per cent to 3.7m ringgit ($1.63m) on a turnover which rose by some 20 per cent. Due to a lower tax charge, the net profit was 27 per cent better at 2.7m ringgit. Wilkinson is paying a final dividend of 17 per cent, making a total of 25 per cent for the year, against 21 per cent previously.

It is also capitalising 2.47 ringgit from its reserves for a one-for-four scrip issue.

CURRENCIES, MONEY and GOLD

Pound weak

Dollar was firm in quiet foreign exchange trading yesterday, showing little reaction to news of cuts in prime lending rates to 18½ per cent by several leading U.S. banks. The reductions were expected and followed a lower trend in other short-term interest rates. The outlook for U.S. interest rates was considered uncertain by the market pending *testimony to the U.S. Senate* on money supply targets by the chairman of the Federal Reserve tomorrow. Further reductions in prime rates were not ruled out however, following the cut in Chemical Bank's broker loan rate to 17½ per cent.

Sterling fell sharply as a result of comments in the London Press over the weekend about a large cut in Bank of England Minimum Lending Rate in next month's UK Budget. Interest rates fell sharply in the London money market yesterday.

European currencies lost ground to the dollar, while the Dutch guilder overtook the French franc to become the strongest member of the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) rose to 99.5 from 98.5. The dollar touched a best level of DM 2.1250 against the D-mark, before closing at DM 2.1110, compared with DM 2.0975 on Friday. The U.S. currency rose to a peak of SwFr 1.9110 in terms of the Swiss franc, and closed at SwFr 1.9040, against SwFr 1.8875 previously.

STERLING — trade-weighted index (Bank of England) fell to 100.4 from 102.5, after opening at 100.1, and standing at 100.6 at noon. The pound opened at $2.2660-2.2670 against the dollar, and touched a peak of $2.2710-2.2720, but weakened to $2.2430-2.2440 in the afternoon. Sterling closed at $2.2445-2.2465, a fall of 6.45 cents on the day, and its lowest closing level since last *April. The pound also lost* ground to major European currencies, falling to DM 4.7450 from DM 4.8450 against the D-mark.

D-MARK—Central bank intervention has helped the D-mark stake a partial recovery after its recent week trend brought about by high foreign interest rates, a favourable reaction to the new U.S. Administration's economic policies, and Germany's considerable balance of payments deficit. The D-mark's weakness has also increased strains within the European Monetary System, while tension over Poland has added to the problems surrounding the German currency—The D-mark weakened against the dollar at the Frankfurt fixing, but was slightly firmer against most of its EMS partners. The Bundesbank did not intervene when the dollar rose to DM 2.1075 from DM 2.0980 at the fixing in nervous and erratic trading. There was also no sign of support for the D-mark by the German central bank in open trading, as the market waited to see how high German interest rates would move following the decision to float the Bundesbank Lombard rate last week. Sterling fell to DM 4.7810 from DM 4.8540 at the fixing.

JAPANESE YEN—Very firm influenced by Japan's strengthening economic performance, and showing little change recently against the strong dollar—The yen eased against the dollar in thin Tokyo trading. The U.S. currency finished at Y206.70 compared with Y205.70 on Friday. It opened at Y206.00, and the dollar fell initially to Y205.90, but rose to a peak of Y206.80. The easier trend in U.S. interest rates had little adverse influence on the dollar, while fears of possible import restrictions on Japanese cars into the U.S. depressed the yen.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.5456	+4.41	+1.31	±1.53
Danish Kroner	7.72336	7.93814	+2.78	−0.32	±1.64
German D-Mark	2.48208	2.56547	+3.36	+0.26	±1.125
French Franc	5.84700	5.98442	+2.35	−0.75	±1.3557
Dutch Guilder	2.74362	2.80306	+2.17	−0.93	±1.512
Irish Punt	0.668201	0.694149	+3.88	+0.78	±1.668
Italian Lira	1157.79	1229.47	+6.19	+3.17	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Feb. 23	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2430-2.2720	2.2445-2.2465	0.35-0.45c dis	−2.14	2.00-2.10dis	−3.65
Canada	2.6850-2.7165	2.6850-2.6885	0.60-0.70c dis	−2.90	2.55-2.65dis	−3.87
Nethlnd.	5.18-5.23	5.18½-5.19½	1½-½c pm	2.31	3¾-2¾ pm	2.50
Belgium	76.90-77.55	76.75-76.90	6c pm-4 dis	1.66	5.15 dis	−0.52
Denmark	14.66-14.83	14.66-14.68	1½ore pm-¼ dis	0.51	1⅞-3⅞ dis	−0.78
Ireland	1.2800-1.2975	1.2805-1.2815	0.05-0.16p dis	−0.98	0.48-0.65dis	−1.76
W. Ger.	4.74-4.81	4.74-4.75	⅞pf pm-⅛ dis	0.79	1½-½ pm	0.84
Portugal	126.00-127.50	126.00-126.50	95c pm-25 dis	3.33	120pm-115dis	0.08
Spain	192.10-194.75	192.10-192.30	5-60c dis	−2.03	180-250dis	−4.37
Italy	2269-2291	2269-2271	6-8lire dis	−3.70	31-34 dis	−5.73
Norway	11.85-12.10	11.96-11.97	1¾ore pm-¾ dis	0.50	1¼ pm-½ dis	0.12
France	11.05-11.17	11.05-11.07	2¾-1¾c pm	2.30	1¾-¼ pm	0.45
Sweden	10.21-10.36	10.21-10.23	4⅞-5⅞ore dis	−6.31	16¾-17¾dis	−6.70
Japan	467-493	467-469	1.95-1.65y pm	4.61	4.35-4.00 pm	3.57
Austria	33.55-34.00	33.58-33.68	12-10gro pm	3.92	24-17 pm	2.44
Switz.	4.26-4.34	4.27-4.28	2½-1½c pm	5.61	6½-5½ pm	5.61

Belgian rate is for convertible francs. Financial franc 78.05-78.15. Six-month forward dollar 4.50-4.60c dis. 12-month 7.60-7.80c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 23	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2430-2.2720	2.2445-2.2465	0.35-0.45c dis	−2.14	2.00-2.10dis	−3.65
Ireland†	1.7485-1.7565	1.7495-1.7505	0.12-0.22c dis	−1.16	0.80-0.95dis	−2.00
Canada	1.1938-1.1975	1.1972-1.1975	0.03-0.08c dis	−0.55	0.05-0.10dis	−0.25
Nethlnd.	2.2900-2.3150	2.3100-2.3130	1.20-1.10c pm	5.87	3.55-3.45 pm	6.06
Belgium	33.94-34.27	34.23-34.27	11-8c pm	3.50	28-26 pm	3.21
Denmark	6.5050-6.5425	6.5350-6.5400	1.65-1.15ore pm	2.57	4.60-4.00 pm	2.80
W. Ger.	2.0985-2.1250	2.1105-2.1115	0.76-0.70pf pm	4.15	2.68-2.60 pm	5.00
Portugal	56.00-56.40	56.25-56.40	50c pm-par	5.34	100 pm-par	3.56
Spain	85.45-85.50	85.55-85.65	15c pm-10 dis	0.35	par-25 dis	−0.58
Italy	1008-1013	1011-1012	1-1¾lire dis	−1.63	5½-6¼ dis	−2.28
Norway	5.3000-5.3340	5.3230-5.3280	1.40-0.90ore pm	2.59	5.00-4.50 pm	3.57
France	4.9075-4.9320	4.9270-4.9320	1.90-1.80c pm	4.51	5.15-4.95 pm	4.10
Sweden	4.5500-4.5730	4.5535-4.5555	1.00-1.20ore dis	−2.90	3.10-3.30dis	−2.81
Japan	207.50-208.50	208.20-208.30	1.25-1.10y pm	6.77	3.90-3.75 pm	7.35
Austria	14.91½-14.98	14.95½-14.97½	7.20-6.60gro pm	5.53	22.25-20.25pm	5.68
Switz.	1.8800-1.9110	1.9035-1.9045	1.25-1.17c pm	7.63	4.13-4.05 pm	8.59

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	100.4	−26.7
U.S. dollar	99.5	−4.4
Canadian dollar	84.8	−18.4
Austrian schilling	115.4	+21.9
Belgian franc	108.2	+10.5
Danish kroner	90.3	−9.2
Deutsche mark	119.6	+38.7
Swiss franc	135.6	+76.2
Guilder	112.9	+16.4
French franc	87.1	−9.4
Lira	61.6	−53.4
Yen	145.5	+41.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.536572	0.529860
U.S. $	13	1.23998	1.23404
Canadian $	17.14	1.48215	1.47567
Austria Sch.	6¾	18.4298	18.3379
Belgium F.	12	42.1097	41.7107
Danish K.	11	8.04127	7.94724
D mark	7½	2.60148	2.57298
Guilder	8	2.83469	2.81362
French Fr.	9½	6.05420	5.99375
Lira	16½	1244.52	1234.04
Yen	7¼	254.444	252.979
Norwgn. Kr.	9	6.58119	6.53981
Spanish Pts.	8	105.460	105.177
Swedish Kr.	12	5.64005	5.58404
Swiss Fr.	4	2.34728	2.31758
Greek Dr'ch.	—	—	62.3377

OTHER CURRENCIES

Feb. 23	£	$		£ Note Rates
Argentina Peso	5170-5190	2277-2287	Austria	33.50-33.90
Australia Dollar	1.9270-1.9310	0.8580-0.8585	Belgium	78.10-78.90
Brazil Cruzeiro	162-163	71.51-71.87	Denmark	14.55-14.80
Finland Markka	9.108-9.121	4.0535-4.0555	France	11.09-11.19
Greek Drachma	112.886-115.164	50.50-50.60	Germany	4.76½-4.81
Hong Kong Dollar	11.908-11.938	5.2790-5.2840	Italy	2280-2360
Iran Rial	171.90*	74.35*	Japan	469-475
Kuwait Dinar(KD)	0.616-0.622	0.2735-0.2740	Netherlands	5.19-5.24
Luxembourg Frc.	76.75-76.90	34.23-34.27	Norway	12.00-12.10
Malaysia Dollar	5.1390-5.1540	2.2780-2.2830	Portugal	125-128
New Zealand Dlr	2.4150-2.4200	1.0750-1.0760	Spain	191½-202½
Saudi Arab. Riyal	7.54-7.60	3.3390-3.3410	Sweden	10.29-10.39
Singapore Dollar	4.7120-4.7280	2.0890-2.0940	Switzerland	4.27-4.31½
Sth African Rand	1.7425-1.7445	0.7760-0.7770	United States	2.25¾-2.27¾
U.A.E. Dirham	8.29-8.35	3.6715-3.6725	Yugoslavia	79½-83

Rate given for Argentina is free rate. * Selling rate.

EXCHANGE CROSS RATES

Feb. 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.246	4.745	468.0	11.06	4.275	5.190	2270.	2.687	76.83
U.S. Dollar	0.445	1.	2.113	208.4	4.925	1.904	2.311	1011.	1.197	34.21
Deutschemark	0.211	0.473	1.	98.63	2.331	0.901	1.094	478.4	0.566	16.19
Japanese Yen 1,000	2.137	4.798	10.14	1000.	23.63	9.135	11.09	4850.	5.741	164.2
French Franc 10	0.904	2.030	4.290	423.1	10.	3.865	4.693	2052.	2.429	69.46
Swiss Franc	0.234	0.525	1.110	109.5	2.587	1.	1.214	531.0	0.628	17.97
Dutch Guilder	0.193	0.433	0.914	90.17	2.131	0.824	1.	437.4	0.518	14.80
Italian Lira 1,000	0.441	0.989	2.090	206.2	4.872	1.883	2.286	1000.	1.184	33.84
Canadian Dollar	0.372	0.836	1.766	174.2	4.116	1.591	1.932	844.9	1.	28.59
Belgian Franc 100	1.302	2.923	6.176	609.2	14.40	5.556	6.765	2955.	3.497	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14-14¼	14⅛-14¾	12⅞-13⅞	8¾-8⅞	2½-3	11⅞-12	10¾-11	15-17	10-11	7¾-8¼
7 days' notice	14⅛-14⅜	14⅞-15⅛	12⅞-13⅞	8⅞-9	14¾-16¼	11⅞-12	9½-10	16-18	11¼-11½	8½-8¾
Month	13¾-13 15/16	15⅝-15⅞	16⅛-16½	9 3/16-9 5/16	7⅜-7½	12-12⅛	10⅞-11⅛	16⅞-17⅞	12¼-12½	8½-8¾
Three months	12⅝-12 13/16	16¼-16½	16¼-16⅝	9 7/16-9 9/16	7 7/16-7 9/16	11 5/16-11 7/16	11⅞-12⅛	18⅛-19⅛	13⅛-13⅜	8⅛-8⅜
Six months	12¼-12⅜	16¼-16½	15¾-16⅛	9 7/16-9 9/16	7 5/16-7 7/16	11⅜-11½	12⅛-12⅜	18⅛-19⅛	13⅜-13⅝	8 5/16-8 7/16
One Year	12¼-12⅜	15 5/16-15 7/16	14⅝-15⅜	10⅛-10 5/16	7⅛-7¼	11⅛-11¼	12¾-13	18⅝-19⅝	13⅝-13⅞	8⅜-8⅝

SDR linked posits: one-month 12 13/16-13 7/16 per cent; three-months 12 13/16-13 7/16 per cent; six-months 12 13/16-13 7/16 per cent; one year 12⅞-13⅛ per cent.

Asian $ (closing rates in Singapore) one-month 15¾-15⅞ per cent; three months 16 3/16-16 5/16 per cent; six-months 16⅛-16⅜ per cent; one year 15 9/16-15 11/16 per cent.

Long-term Eurodollars two years 15⅛-15⅜ per cent; three years 14⅞-15⅛ per cent; four years 14⅞-15⅛ per cent; five years 14½-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.70-15.80 per cent; three-months 15.85-15.95 per cent; six-months 16.00-16.10 per cent; one year 15.30-15.40 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 23)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/4	offer 16 3/8	bid 16 1/4	offer 16 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

INTERNATIONAL MONEY MARKET

Paris call rate up

Paris call money rose to 11 1/16 *per cent from 10¾ per cent* yesterday, the highest level since December 30. At the end of last week the Bank of France increased its money market intervention rate by raising the discount rate for seven-day Treasury bills to 11 per cent from 10¾ per cent. Period rates, which firmed on Friday following the move by the authorities, continued to rise yesterday. One-month rose to 11 7/16-11 9/16 per cent from 11¼-11½ per cent, three-month to 12 1/16-12 3/16 per cent from 11¾-12 per cent, and 12-month to 12 13/16-12 15/16 per cent from 12¾-12⅞ per cent.

This followed the decision of the German Bundesbank to put upward pressure on Frankfurt interest rates last week to assist the D-mark, and the rise in Switzerland's discount and central bank Lombard rates. Call money was quoted at 11.50-12 per cent in Frankfurt yesterday, compared with 10.00-12.00 per cent on Friday.

In Amsterdam the Dutch Finance Ministry announced an issue of five-year Treasury bills for subscription tomorrow. The interest rate, the size and price of the issue will be announced after the close of the tender. Dutch call money rose to 9-9¼ per cent from 8¾-9 per cent, and one-month to 9¼-9⅜ per cent from 9¼-9½ per cent. Longer term rates showed small mixed changes.

MONEY RATES

NEW YORK

Prime Rate	18½-19½
Fed. Fund	14½-14¾
Treasury Bills (13-week)	14.10
Treasury Bills (26-week)	13.61

GERMANY

Discount Rate	7.5
Overnight Rate	11.75
One month	10.75
Three months	11.025
Six months	11.125

FRANCE

Discount Rate	9.5
Overnight Rate	11.0625
One month	11.25
Three months	12.125
Six months	12.5625

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.4375
Bill Discount (three-month)	—

UK MONEY MARKET

Rates fall

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Short term interest rates fell sharply in the London money market yesterday on expectations of a reduction in Bank of England Minimum Lending Rate in next month's Budget. Discount houses buying rates for three-month Treasury bills were cut to 11 13/16-11 11/16 per cent from 12 1/16-12¼ per cent, while the buying rate for three-month eligible bank bills fell to 12 1/32-12 1/16 per cent from 12¾-12⅞ per cent.

Money was in adequate supply in the market and the authorities did not intervene. Banks brought forward moderate surplus balances, and the market was also helped by a small cut in the note circulation. On the other hand the authorities held a small number of maturing commercial bills.

Discount houses paid up to 13⅞ per cent for secured call loans, with closing balances taken at 13-13½ per cent.

GOLD

Slight fall

Gold fell $5 to close at $501-504 in the London bullion market yesterday. The metal opened at $507-510, and touched a best level of $508-510. Trading was quiet, with no new factors affecting the market, and the fall was attributed to a strengthening of the dollar. Gold was fixed at $506.50 in the morning and $501.50 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 87,600 per kilo ($554.69 per ounce) in the afternoon, compared with FFr 87,000 ($550.55) Monday morning and FFr 87,700 ($558.67) Friday *afternoon*.

In Frankfurt the 12½-kilo bar was fixed at DM 34,450 per kilo ($507.48 per ounce) against DM 34,835 ($515.96) previously, and finished at $501.504, compared with $510.513 on Friday.

In Zurich gold also closed at $501-504, against $510.513 previously.

	Feb. 23		Feb. 20	
Gold Bullion (fine ounce)				
Close	$501-504	(£221¾-223)	$506-509	(£219⅝-221)
Opening	$507-510	(£223½-225)	$513-515	(£222¼-223¾)
Morning fixing	$506.50	(£223.226)	$514.75	(£222.443)
Afternoon fixing	$501.50	(£222.001)	$511.50	(£219.528)
Gold Coins				
Krugerrand	$516½-518½	(£230-230¾)	$522-524	(£226½-227½)
1/2 Krugerrand	$267-268	(£118¾-119¼)	$269-271	(£116¾-117½)
1/4 Krugerrand	$135-136	(£60-60¼)	$157-159	(£59½-60¼)
1/10 Krugerrand	$55½-56½	(£24¾-25¼)	$56-57	(£24¼-24¾)
Mapleleaf	$512-514	(£228-228¾)	$519-521	(£225¼-226¼)
New Sovereigns	$126-127	(£56-56½)	$125½-127½	(£55-55½)
King Sovereigns	$151-153	(£66¾-67¾)	$151-153	(£65½-66½)
Victoria Sovs	$151-153	(£66¾-67¾)	$151-153	(£65½-66½)
French 20s	$165-168	(£73½-74¾)	$164-166	(£71¼-72)
50 pesos Mexico	$630-634	(£280½-282¼)	$640-644	(£277¾-279½)
100 Cor. Austria	$491-496	(£218½-220¾)	$497-502	(£215¾-218)
$20 Eagles	$631-636	(£281-283)	$633-638	(£274¾-277)

LONDON MONEY RATES

Feb. 23 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	13½-14¼	13¾-14	—	—	14-14½	13-13⅞	—	—	—
2 days notice	—	—	14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅜	14-14⅛	—	14⅜	14⅝-14⅝	13⅞-14	—	—	—
One month	13¾-13⅝	13 11/16-13 9/16	13⅝-13¾	14¼-13⅞	13⅞	14-14¼	13-13⅛	11 13/16-11 11/16	13 11/16	14 1/16
Two months	13 1/16-13 3/16	13-13⅛	—	13⅝-13¼	13⅝	13⅛	12½	12 3/16	12 11/16	13¼
Three months	12 13/16-12 15/16	12 13/16-12 11/16	12½-12⅞	13-12⅝	13	13¼	12-12⅛	12 1/16-12¼	12 1/32-12 1/16	12¾
Six months	12¼-12⅛	12¼-12 3/16	12¼-12⅛	12⅝-12⅜	12¾	13	—	—	11½	12⅛
Nine months	12 3/16-12 1/16	12 3/16-12⅜	—	12⅝-12⅜	12¾	13	—	—	—	—
One year	12 5/16-12 3/16	12 5/16-12⅝	12⅜	12½-12¼	12¾	13	—	—	—	—
Two years	—	—	12⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 13¼ per cent; five years 13½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 23/32 per cent; four-month trade bills 12½ per cent.

Approximate selling rate for one-month Treasury bills 12 23/32 per cent; two-months 12⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 13 1/32 per cent; two-months 12⅞ per cent; three-months 11 23/32 per cent; one-month trade bills 13 25/32 per cent; two-months 13 per cent and three-months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.2933 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 23, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	112.00
Albania	Lek	10.07
Algeria	Dinar	8.7075
Andorra	French Franc / Spanish Peseta	11.06 / 192.20
Angola	Kwanza	(CM) 69.794 / (T) 72.237
Antigua (S)	E. Caribbean $	6.07
Argentina	Ar. Peso Free Rate	5,180.0
Australia (S)	Australian $	1.9890
Austria	Schilling	33.65
Azores	Portug'se Escudo	126.25
Bahamas (S)	Ba. Dollar	2.2455
Bahrain (S)	Dinar	0.854
Balearic Isles	Spa. Peseta	192.20
Bangladesh (S)	Taka	38.70
Barbados (S)	Babados $	4.4910
Belgium	B. Franc	(com) 76.825 / (fn) 78.10
Belize	B $	4.4910
Benin	C.F.A. Franc	553.0
Bermuda (S)	Bda $	2.2455
Bhutan	Indian Rupee	18.50
Bolivia	Bolivian Peso	54.50
Botswana (S)	Pula	1.7830
Brazil	Cruzeiro	160.50
Brit. Virgin Isles (S)	U.S. $	2.2455
Brunei (S)	Brunei $	4.7200
Bulgaria	Lev	2.1538
Burma	Kyat	15.28
Burundi	Burundi Franc	210.495
Cameroon Republic	C.F.A. Franc	553.0
Canada	Canadian $	2.68675
Canary Islands	Spanish Peseta	192.20
Cape Verde Isle	Cape V. Escudo	82.95
Cayman Islands (S)	Cay. Is. $	1.8710
Cent. Af. Repub	C.F.A. Franc	553.0
Chad	C.F.A. Franc	553.0
Chile	C. Peso	(Bk) 88.53
China	Renminbi Yuan	3.6656
Colombia	C. Peso	(F) 117.85
Comoro Islands	C.F.A. Franc	553.0
Congo (Brazzaville)	C.F.A. Franc	553.0
Costa Rica	Colon	19.21
Cuba	Cuban Peso	1.6830
Cyprus (S)	Cyprus £	0.8830
Czechoslovakia	Koruna	(com) 14.00 / (T) 23.80
Denmark	Danish Krone	14.67
Djibouti	Fr.	395 (sg)
Dominica (S)	E. Caribbean $	6.07
Dominican Repub.	Dominican Peso	2.2455
Ecuador	Sucre	(O) 56.59 / (F) 67.14
Egypt	Egyptian £	(U) 1.59
Equatorial Guinea	Ekuele	394.4
Ethiopia	Ethiopian Birr	(P) 4.6550
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.67
Fiji Islands	Fiji $	1.8110
Finland	Markka	9.1145
France	French Franc	11.06
French C'tyin Af	C.F.A. Franc	553.0
French Guiana	Local Franc	11.06
French Pacific Is	C.F.P. Franc	195 (sg)
Gabon	C.F.A. Franc	553.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.745
Germany (West)	Deutsche Mark	4.745
Ghana (S)	Cedi	6.34
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	124.43
Greenland	Danish Kroner	14.67
Grenada (S)	E. Caribbean $	6.07
Guadaloupe	Local Franc	11.06
Guam	U.S. $	2.2455
Guatemala	Quetzal	2.2455
Guinea Republic	Syli	45.70
Guinea Bissau	Peso	81.50
Guyana (S)	Guyanese $	5.73
Haiti	Gourd	11.2275
Honduras Repub	Lempira	4.50
Hong Kong (S)	H.K. $	11.919
Hungary	Forint	(com) 79.6738 / (T)(nc) 60.3692
Iceland (S)	I. Krona	14.903
India (S)	Ind. Rupee	18.70
Indonesia	Rupiah	1,420.0
Iran	Rial	171.90 (sg)
Iraq	Iraq Dinar	0.6635
Irish Republic (K)	Irish £	1.2810
Israel	Shekel	19.60
Italy	Lira	2,270.0
Ivory Coast	C.F.A. Franc	553.0
Jamaica (S)	Jamaica Dollar	4.0048
Japan	Yen	468.0
Jordan (S)	Jordan Dinar	0.719 (sg)
Kampuchea	Riel	2,694.6
Kenya (S)	Kenya Shilling	16.525
Kiribati	Australian $	1.9890
Korea (Nth)	Won	2.23
Korea (Sth)	Won	1,547.66
Kuwait	Kuwait Dinar	0.619
Laos	New Kip	22.455
Lebanon	Lebanese £	8.0955
Lesotho	Loti	1.7435
Liberia	Liberian $	2.2455
Libya	Libyan Dinar	0.6648
Liechtenstein	Swiss Franc	4.2750
Luxembourg	Lux Franc	76.825
Macao	Pataca	12.05
Madeira	Portug'se Escudo	126.25
Malagasy Republic	MG Franc	553.0
Malawi (S)	Kwacha	1.9350
Malaysia (S)	Ringgit	5.1465
Maldive Islands (S)	Mal Rupee	8.8290
Mali Republic	Mali Franc	1,106.0
Malta (S)	Maltese £	0.855
Martinique	Local Franc	11.06
Mauritania	Ouguiya	114.05
Mauritius (S)	M. Rupee	18.50
Mexico	Mexican Peso	53.54
Miquelon	C.F.A. Franc	553.0
Monaco	French Franc	11.06
Mongolia	Tugrik	(o) 7.40
Montserrat	E. Caribbean $	6.07
Morocco	Dirham	10.75 (sg)
Mozambique	Metical	67.80
Nauru	Australian Dollar	1.9890
Nepal	Nepalese Rupee	27.25
Netherlands	Guilder	5.19
Netherland Antilles	Antillian Guilder	4.0195
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4175
Nicaragua	Cordoba	22.70
Niger Republic	C.F.A. Franc	553.0
Nigeria (S)	Naira	1.357479 (sg)
Norway	Norway Krone	11.96
Oman Sul'ate of (S)	Rial Omani	0.783
Pakistan	Pakistan Rupee	22.28
Panama	Balboa	2.2455
Papua N.Guinea (S)	Kina	1.4670
Paraguay	Guarani	286.02
Peru	Sol	(exc) (A) 830.74
Philippines	Philippine Peso	16.90
Pitcairn Islands (S)	£ Sterling / New Zealand $	1.0 / 2.4175
Poland	Zloty	(Cm) 76.18 / (T) 76.18
Portugal	Portug'se Escudo	126.25
Puerto Rico	U.S. $	2.2455
Qatar (S)	Qatar Ryal	8.25
Reunion Ile de la	French Franc	11.06
Romania	Leu	(Cm) 10.51 / (Nc) 25.15
Rwanda	Rwanda Franc	224.10
St. Christopher (S)	E. Caribbean $	6.07
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.07
St. Pierre	Local Franc	11.06
St. Vincent (S)	E. Caribbean $	6.07
Salvador El	Colon	5.60
Samoa American	U.S. $	2.2455
San Marino	Italian Lira	2,270.0
Sao Tome & Principe	Dobra	83.60
Saudi Arabia	Ryal	7.57
Senegal	C.F.A. Franc	553.0
Seychelles	S. Rupee	15.20 (sg)
Sierra Leone (S)	Leone	2.5310
Singapore (S)	Singapore $	4.7200
Solomon Islands (S)	Solomon Is. $	1.8040
Somali Republic	Somali Shilling	(A) 15.70
South Africa (S)	Rand	1.7435
South West African Territories (S)	S. A. Rand	1.7435
Spain	Peseta	192.20
Spanish ports in North Africa	Peseta	192.20
Sri Lanka (S)	S. L. Rupee	40.36
Sudan Republic	Sudan £ (1)	1.12
Sudan Republic	Sudan £ (2)	1.80
Surinam	S. Guilder	4.0195
Swaziland (S)	Lilangeni	1.7435
Sweden	S. Krona	10.22
Switzerland	Swiss Franc	4.2750
Syria	Syria £	(A) 8.90
Taiwan	New Taiwan $	80.85
Tanzania (S)	Tan. Shilling	18.60
Thailand	Baht	46.48
Togo Republic	C.F.A. Franc	553.0
Tonga Islands (S)	Pa'anga	1.9290
Trinidad (S)	Trinidad & Tob. $	5.3892
Tunisia	Tunisian Dinar	1.0015 (sg)
Turkey	Turkish Lira	225.10
Turks & Caicos	U.S. $	2.2455
Tuvalu	Australian $	1.9890
Uganda (S)	Uganda Shilling	18.50
United States	U.S. Dollar	2.2455
Uruguay	Uruguay Peso	(cm) 23.27 / (fn) 23.34
Utd. Arab Emirates	U.A.E. Dirham	8.25
U.S.S.R.	Rouble	1.6560
Upper Volta	C.F.A. Franc	553.0
Vanuatu	Vatu / Aust. Dollar	175 (sg) / 1.9890
Vatican	Italian Lira	2,270.0
Venezuela	Bolivar	9.72
Vietnam	Dong	(O) 4.9530 / (T) 5.44
Virgin Islands U.S.	U.S. Dollar	2.2455
Western Samoa	S. Samoan Tala	2.1095
Yemen (Nth)	Ryal	10.25 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7760
Yugoslavia	New Y Dinar	70.9369
Zaire Republic	Zaire	7.098419
Zambia	Kwacha	1.8850
Zimbabwe	Zimbabwe $	1.4715

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. § General rates of oil and iron exports 94.30. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (3) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona = 100 old Kronur.

WORLD STOCK MARKETS

Dow up 5.65 at midsession

STOCK PRICES were mixed but firming in light trading at mid-session. They were led by Blue Chips, particularly Chemicals, as interest rates continued to ease.

The Dow Jones Industrial Average was up 5.65 at 1 pm at 941.74. Declines led advances by a small margin on volume of 15m shares. *The NYSE All Common Index* at $72.61 gained 0.16.

Continental Illinois and some smaller banks cut their prime rates to 18½ per cent and more major banks went to 19 per cent. **Chemical Bank** cut its broker loan rate to 17½ per cent, joining **Irving Trust**.

Analysts said the slow trading shows investors still moving out of stocks and into fixed income issues awaiting Congressional action on President Reagan's fiscal programme.

Analysts said Blue Chips could be expected to benefit from any reduction in interest rates and inflation. Among the actives, **Dow Chemical** added ⅜ to $33⅜. **Union Carbide** $1⅛ to $45½ and **Du Pont** $1¼ to $45¼. **Allied Chemical** rose $1⅞ to $52⅜ and **American Cyanamid** $⅝ to $29⅞.

Among other Blue Chips, active **U.S. Steel** advanced $⅞ to $28, **Bethlehem Steel** $½ to $24⅞, **General Electric** $⅜ to $64, **International Paper** $⅞ to $42⅜, **Minnesota Mining** $⅜ to $59¼ and **IBM** $⅜ to $61½.

Oils were mostly weaker. **Exxon** slipped $⅛ to $70⅝, **Texaco** $¼ to $38⅜ and **Superior Oil** $2 to $203.

Twentieth Century-Fox jumped $8⅜ to $62. Mr. Marvin Davis, Denver oil man, offered to buy Fox for $60 a share. **Chris-Craft Industries**, which holds about 22 per cent of Fox, said it supported the Davis bid. Chris-Craft climbed $2½ to $39¼.

American Exchange prices were mixed in moderate trading. The index rose 0.75 to 331.09 at *mid-session* but declines led advances about five to four on turnover of 2.15m shares.

Among the actives, volume leader **Gulf Canada** rose $1 to $21⅜, ex-dividend and **Houston Oil** $1⅛ to $47⅞. But **Ranger Oil** lost $⅜ to $13⅞ and *Petro-Lewis* $⅜ to $23⅞.

Active **Pantepec** was the biggest percentage gainer, adding $⅞ to $3 for a 41 per cent rise.

Closing prices for North America were not available for this edition.

Canada

Markets rose moderately in light noon trading after eight straight losses. The Toronto composite index was up 10 points to 2,161.4 with advances ahead of declines 192 to 172. The Metals and Minerals index at 1 pm stood at 2,103.9, a gain of 10.9.

Oil stocks were higher following recent sharp losses. Volume leader **Gulf Canada** rose one to C$26¼ on 208,966 shares, **Turbo** 1¼ to C$29¼. **Dome Petroleum** one to 78⅜. **Imperial Oil "A"** ¼ to C$32⅜ and **Shell Canada** ¼ to C$25.

Bow Valley, which reported higher earnings, gained ⅝ to C$18⅜. **Nova 'A'** was up ¼ to 12¼ in active trading. The company reported higher 1980 earnings.

Australia

Industrials were firmer but Oils and Minerals were lower in dull trading in the absence of overseas or local institutional support, or any new exploration developments. The All Ordinaries Index was up 1.8 to 657.0.

Leaders were mixed with **BHP** up five cents to **A$13.70** after morning trades to A$13.90, **CRA** up five cents to A$4.65, **Bougainville** up four cents to A$1.60, **MIM** down five cents to A$3.95, **WMC** down 17 cents to A$4.55, and **Comalco** down 10 cents to A$5.50. **CSR** was steady at A$6.50.

Oil and Gas shares were mixed. **Santos** fell 20 cents to A$17.30, its Cooper Basin partner **Vamgas** *20 cents to A$7.30*, while **Hartogen** was steady at A$8.20. **Ampol Ex.** rose 15 cents to A$3.55, **Strata** 10 cents to A$3.70, while **Haoma Gold** fell 35 cents to A$2.10, **Bridge Oil** rose 16 cents to A$5.86 and **Woodside** Fell 4 cents to A$2.56.

Coal and Allied lost 50 cents to A$12.50 ahead of reports of a loss for the December half. **UCL** *fell five cents* to A$3.25, **Oakbridge** rose 10 cents to A$2.35 and **EZ Industries** rose 10 cents to A$5.50.

In Industrials, **Waltons** rose 27 cents to **A$1.10** on news of a takeover offer of A$1 a share. **Lend Lease** rose 25 cents to A$4.55, **Dunlop Olympic** five cents to A$1.17, but **CBC** fell five cents to A$3.35.

Hong Kong

Stocks tended weaker in moderately *active* trading with the Hang Seng Index down 9.87 points at 1,492.21.

There was some buying support towards the close, counteracting early selling pressure, but sentiment remained bearish *with investors* expecting little positive to emerge for the market from Wednesday's Hong Kong Budget.

Among leaders, **Hongkong Bank** was down 30 cents to HK$21.50, and **Jardine Matheson** 20 cents to HK$23.30, while **Cheung Kong** rose 25 cents to HK$34.

Swire Pacific "A" rose 10 cents to HK$15, **Hongkong Electric** five cents to HK$7.85, but **Hongkong Wharf** lost five cents to HK$9. **Hongkong Lamp** was unchanged at HK$11.50 as was **Hutchison Whampoa** at HK$17.20.

Singapore

Share prices rose broadly though modestly in firming the Straits Times Industrial Index to a record 775.56 from Friday's 770.02.

All sectors were generally better, but sharp risers were rare. The strength came mostly in the afternoon, after erratic trading in the morning.

The trade usually would have been considered moderately active, but was off from the heavy volumes seen during the past two weeks.

Speculative Malaysian issues did well, as did Gentings, which rose to S$12.70 from S$12.40 on free *scrip rumours*. **Eu Yan Sang** gained, apparently on rumours it might be a takeover target.

Tokyo

Share prices closed mixed in quiet trading as Speculatives continued to fall sharply while Blue Chips rose on buying by foreign investors.

The market average fell 5.55 below 7,100 for the first time since December 26, closing at 7,095.26 on volume of 330m shares. The Tokyo Stock Exchange index added 0.44 to 503.04.

Ando Construction was asked at Y455 against Y495 at last Friday's close and **Ishii Iron** at Y671 against Y721. **Pioneer** and **Sony** rose Y70 and Y50 to Y2,930 and Y3,200 respectively on foreign buying, encouraging other Blue Chips.

Oils lost ground led by **Koa Oil**, which fell Y77 to Y813. Precisions, Drugs and Foods were higher, with **Olympus** adding Y30 to Y1,370, **Canon** Y25 to Y855, **Takeda** Y33 to Y874, **Daiichi Pharmaceutical** Y25 to Y935 and **Ajinomoto** Y25 to Y885.

Germany

After a mostly weaker start some leading shares attracted interest and closed above Friday's final levels, with the Motor sector to the forefront.

In moderate trading turnover was heavier for cars, with **Daimler** closing up DM 3 at DM 274 after a high of DM 275.50. **VW** added DM 2.30 to DM 148, but **BMW** was one weaker at DM 157.

Chemicals were fairly steady with **Hoechst** ending unchanged, others slipping marginally.

Banks were mixed, with **Deutsche** down DM 1.30 to DM 279.70, but **Dresdner** and **Commerzbank** slightly higher. Stores were also mixed with **Kaufhof** gaining 50 pfennigs to DM 158.

Johannesburg

Gold shares closed lower on local selling pressure as the bullion price eased in Europe.

NEW YORK

CANADA

Stock	Feb. 20	Feb. 19
Abitibi	26⅝	26⅝
Agnico Eagle	13⅝	13½
Alcan Alumin	38½	38¼
Algoma Steel	41½	41¾
Asbestos	30¼	30
Bk Montreal	30¼	30¾

BELGIUM (continued)

Feb. 23	Price Frs.	+ or —
Petrofina	4,910	—15
Royale Belge	4,280	+50
Soc Gen Banq.	2,205	—15
Soc Gen Belge	1,310	—20
Sofina	2,785	+30
Solvay	2,330	—20
Traction Elect.	2,195	+45

HOLLAND

Feb. 23	Price Fls.	+ or —
ACF Holding	79	—1
Ahold	70	
AKZO	18.6	+0.3
ABN	290	+6
AMEV	93.9	+0.1
AMRO	56.5	+0.4
Bredero Cert.	210	—1

AUSTRALIA

Feb. 23	Price Aust. $	+ or —
ANZ Group	4.5	
Acrow Aust	1.05	
Allstate Expl	1.85	+0.05
Ampol Pet	1.75	+0.01
Assoc. Pulp Pap.	2.32	+0.04
Aud'mco	0.2	
Aust. Cons. Ind.	2.1	
Aust. Guarant.	1.45	

JAPAN (continued)

Feb. 23	Price Yen	+ or —
Kubota	356	
Kumgai	391	—4
Kyoto Ceramic	3,350	—110
Lion	460	
Maeda Cons.	570	+2
Makita	891	—9
Marubeni	353	+3
Marudai	783	—15

Indices

NEW YORK ACTIVE STOCKS

Romanian bureaucracy attacked

VIENNA—Romania's Agriculture Minister, Mr. Angelo Miculescu, yesterday branded the "slow, bureaucratic work style" in his own Ministry as one of the main problems facing the country's ailing farm sector.

In a speech to a large congress of agricultural workers in Bucharest, reported by the official news agency Agerpress, the Minister said bureaucracy was a factor in preventing farm output from reaching its potential.

Some layers of the bureaucracy should be reduced and farm productivity increased to meet the 1981 grain target of 24m tonnes, he said.

Western diplomats in Bucharest said they were unsure whether this public self-criticism heralded Mr. Miculescu's departure from office, which has been rumoured for months.

There were indications last week of plans to upgrade the agricultural sector leadership *after disappointing* results last year.

President Nicolae Ceausescu admitted to the congress's 11,000 *delegates* that his *Government* had neglected the farm sector in its drive for rapid industrialisation and thus harmed the *population's living standards.*

The 1980 grain harvest, planned for 26m tonnes, reached 20.2m tonnes according to official figures, but Western diplomats said they believed output was actually lower.

S. Africa raises wheat estimate

PRETORIA — The final officia estimate of South Africa's 1980-1981 wheat crop has been raised slightly to 1.47m tonnes from 1.46m forecast last month, the Agriculture Department said.

The final estimate, based on end-January conditions, is sharply below actual 1979-80 output of 2.09m tonnes, following a severe drought in main growing areas, it said.

South Africa is importing 210,000 tonnes of U.S. hard *winter wheat because of* drought damage to the current crop.

This is the first time for 10 years that South Africa has imported wheat.

The U.S. wheat will arrive in three lots in mid-March, mid-April and mid-May.

South Africa has no plans to *import more wheat this season,* which runs from October 1 to September 30.

Reuter

Weak sterling lifts London base metals

BY ROY HODSON

METAL prices rose strongly on the London Metal Exchange yesterday in response to the sharp fall in sterling against the U.S. dollar.

Tin rose £67.50 on the day to £5,942.50 a tonne for cash. Copper, meanwhile put on £14 for cash wirebars and finished at £799.50. Several North American copper producers yesterday raised prices by 2 cents a pound and this had some influence upon later trading.

Lead reached £311.75 a tonne for cash putting on £2.75 and zinc cash finished at £325.5, an increase of £3.25.

The strike by some 3,000 miners at the three main lead, silver and zinc mines in Broken Hill New South Wales, will continue *at least until the end* of this week according to company officials. Negotiations *on a new* three-year wage contract are continuing. The miners voted on February 19 to strike in support of demands on the new contract in spite of a recommendation from union leaders that they continue normal working.

The only metal to trade against the flow in London yesterday was nickel which fell £52.50 on the day for cash finishing at £2,745.

Stocks of copper in the LME warehouses rose by 1,275 tonnes last week to 121,600 tonnes. Tin stocks rose 565 tonnes to 7,025, lead stocks fell by 1,850 tonnes to 64,975, zinc stocks rose 175 tonnes to 92,350, aluminium stocks rose 25 tonnes to 47,950, nickel stocks rose 66 tonnes to 4,020, and silver stocks fell by 860,000 ounces to 25,710,000

Sterling's weakness against the dollar was primarily responsible for a rise of £24.50 in the LME price for aluminium yesterday to £666.50 a tonne.

World primary aluminium production rose to 1,083,000 tonnes in January compared with 1,050,000 tonnes in the same month a year ago. Average daily production in January was 34,900 tonnes compared with 34,800 tonnes in December and 33,900 tonnes in January a year ago.

Alcan of Montreal has disclosed plans for a U.S. 32m investment to modernise sheet and foil rolling mills at Tulpetlac, near Mexico City, owned by Alcan Aluminio SA. Alcan has a 48.7 interest in the Mexican company. Alcan is expecting the Mexican market for aluminium to grow by between 10 per cent and 12 per cent a year during the 1980s.

EEC farm ministers to urge bigger price increases

BY LARRY KLINGER AND JOHN WYLES IN BRUSSELS

STRONG pressures for generous *double-figure price rises for* EEC farmers will emerge here today when Community Farm Ministers give their first reactions to proposed increases *approaching* 8 per cent.

Preliminary indications last night were that Ministers would divide along fairly predictable lines. At one extreme, West Germany and the UK are indicating that the European Commission's proposals strike broadly the correct balance between the need for big economies, in EEC farm spending, while giving fresh support to hard-pressed farm incomes. Initially, these two member states will even press for lower prices than those suggested by the Commission.

At the other extreme, France and Ireland, are arguing strongly that the proposed price rises are inadequate and that the main weapon for achieving economies —the so-called co-responsibility *principle—is unfair in practice* and economically inefficient.

Most other member states have yet to declare their hands, but *balance of opinion* could well tilt in the direction of France and Ireland.

Co-responsibility is the means by which the Commission hopes to recoup some of the cost of storing and disposing of the surpluses of butter, beef and cereals which swallow more than half the EEC's budget.

M. Pierre Mehaignerie the French Agriculture Minister, signalled here yesterday strong French opposition to broad application of co-responsibility *levies, on the grounds that they* will discourage improvements in productivity and tend to reward the less efficient.

Acknowledging the need for economies, the French delegation, stressed its belief that larger price rises than the Commission supports can be unded out of reductions in a variety of production and consumption aids.

The coherance of the Commission's proposals is likely to be sorely tested in the coming weeks as each national delegation scrutinises them more closely, and attempts to improve their impact for its farmers.

The Dutch Government yesterday set the end of March as a target for agreement, but *with only five days of meetings* scheduled by April 1 this appears optimistic.

Among the detailed criticisms *emerging here yesterday, Italy* and Greece appeared deeply dissatisfid with the suggested application of co-responsibility to *Mediterranean products,* especially olive oil.

Meanwhile the Irish are insisting that Mediterranean produce is being too strongly favoured at the expense of Northern Europe. In particular, Dublin claims that the proposals will yield only an average 6 per cent price rise for its farmers (because of the products they specialise in) while their incomes have dropped by a real 20 per cent last year.

Indonesian palmoil

JAKARTA—Indonesia expects to export only 66,525 tonnes of palm oil during the first half of this year, considerably lower than the 115,000 tonnes it exported during the same period last year.

Mr. Sukri Alimuddin, of the trade and Co-operatives Ministry, said palm oil production for the first half this year was forecast at 300,484 tonnes with 31,379 tonnes held over from 1980 production.

Barley exports top 1m tonnes

By Our Commodities Staff

Sales of 65,232 tonnes during the first 10 days of this month took British barley exports for the current season above 1m tonnes, the Home-Grown Cereals Authority reported yesterday. The 1,052,836 tonnes total compared with a cumulative figure at this stage last year of only 339,000 tonnes.

But the authority said in spite of the high rate of exports, grain traders still expected heavy UK barley stocks at the end of the season.

Total British agricultural exports rose 12.6 per cent to a record £2.32m last year, according to the British Agricultural Export Council. Biggest rises were for unmilled cereals and dairy products which helped overall produce exports to a 46.5 per cent advance. The council said *a big factor in the rise was* the "spectacular" turnround in EEC monetary compensatory amounts, which had turned *from export* levies into export subsidies thanks to the strength of sterling.

Swiss farm income drops

By Our Zurich Correspondent

GROSS farm income fell by some 0.6 per cent in Switzerland last year to SwFr 7.36bn ($3.91bn), following a drop of about 0.3 per cent *in* the country's agricultural price index. A slight rise in sales value for livestock and allied products was more than offset by a decline in that for other produce.

In volume terms, the Swiss field crop was down 13.4 per cent on 1979 levels, due largely to a rainy early summer. The more important meat and dairy sector showed *a rise in output of 4.3* per cent, though this is attributed to continued over-production in some sectors.

A *recent Government* report indicates a continued shrinking of Swiss agricultural activity. The number of *farms, which had declined by* an average 2.3 per cent annually between 1955 and 1965 and by 2 per cent per year over the *subsequent ten* years, fell by a further 1 per cent a year between 1975 to 1980. By last year, only some *125,200 farms were still in* operation.

ORANGE JUICE

Brazil profits from Florida's distress

BY A CORRESPONDENT

SELDOM has nature come more gallantly to the rescue of farmers than in January when it produced a *freak freeze* in Florida that destroyed on the trees what would have become 325,000 tonnes of frozen concentrated orange juice.

The beneficiaries of nature's action were not, on balance, the Florida producers, even though the resulting scarcity brought higher prices for those still with fuit to sell outside existing contracts.

The benefits were at their maximum for the producers of Brazil. Once popularly synonymous with coffee, Brazil has more recently become a considerable producer of orange juice concentrate. As the world's thirst for the product has grown explosively over the past decade, so has Brazil's respone to it.

Countries like Spain and Israel, although they do export some orange juice, find the cost of their intensive forms of citriculture too high to sell more than a fraction of what they grow as other than fresh fruit. The scale on which Brazil has undertaken citrus production is so vast and extensive that it makes economic sense for juice to predominate.

Even Florida's output has shrunk before the South American *onslaught—a decline* abetted to some extent by what are considered in some quarters to be over-generous tariff *concessions on Brazilian* purchases re-exported within a certain period.

Before the freak Florida freeze, however, Brazil was struggling to sell orange juice concentrate at $570 a tonne *against current annual* production of 450,000 tonnes, a carry-over of more than 200,000 tonnes, a world surplus and a *fall in European consumption* because of last year's unseasonably cold summer. Even at $570 a tonne, buyers did not *come running,* because *the glut* they saw suggested that prices would tumble still further.

Suddenly, however, Florida producers who were forced to honour commitments had to buy more than 150,000 tonnes, hoisting the price in Brazil to $1,300 a tonne. *Other producers* benefited as well. Brazil's annual sales to Europe are currently about 270,000 tonnes a year.

From the small cartons of frozen orange juice concentrate pioneered by the U.S. and Israel a decade or more ago, and *still on limited sale in Britain* under an American label, packaging has evolved to a point where the frozen concentrate *leaves the producer in* 50-gallon drums and is subsequently diluted and repacked in "tetra-bricks" for retail *distribution. These in turn are* subdivided into "pure packs," designed to keep fresh for about eight days, and sterilised ones with a shelf life of six months.

Consumption of both is rising fast, and here Britain is well to the fore, even though traditionally *orange juice has been* more popular on the Continent. Mr. Paul Barratt, marketing director of Adams Foods, a company which now buys almost all its orange juice from Brazil, says the British market has been expanding at no less than 50 per cent a year—though the price spiral precipitated by Florida's panic buying could slow this climb if, as might well happen, retail prices are hoisted by 6p or more for a 40p one-litre pack of orange juice.

No matter how valuable dieticians may rate it, orange juice is still in market terms a luxury liable to be among the first crossed off the housewife's shopping list in times of stringency.

How prices will behave depends much on how permanent is the damage to Florida's citrus trees. At the times the frost occurred, the minimum export price was set at $1,000 a tonne by agreement between Brazilian producers and their government. This price collapsed under the weight of the world surplus to not much more than half that figure. The Florida failure thus restored prices to only a little beyond the levels Brazil had been trying to establish as normal.

If frost has impaired Florida production for years to come, nature will have presented Brazil with the coup the market *denied it. In UK trade circles* there is some confusion, and what is eagerly awaited is the authoritative voice of the U.S. Department of Agriculture on the extent to which frostbite in Florida's citrus groves has required amputation.

Greek farmers protest

ATHENS — Thousands of Greek farmers are refusing to sell their produce and have demonstrated in support of higher prices for agricultural products, a spokesman for their federation said.

The farmers began a week-long campaign for higher prices, pension increases, protection against bad crops and low-interest loans to readjust agricultural methods after Greece's full membership of the EEC.

Mr. Stelios Bazianis, chairman of the General Confederation of Farmers' Associations, *said the strike was successful* in Crete, central Greece, and parts of the Peloponnese.

Mr. Bazianis said farmers are protesting against EEC plans to grant small increases in agricultural products, adding the co-responsibility tax will affect Mediterranean farmers. Members of his confederation will stage a mass rally next Saturday to press the Government to seek higher prices.

A Government spokesman said, however, the refusal by what he called a small number of farmers to sell their products has not affected the market in urban centres and exports would *continue normally.*

Reuter

Italian tomato fraud alleged

THE ITALIAN authorities responsible for EEC agricultural aid have suspended payments to some tomato processing organisations following investigations into alleged fraud.

The European Commission said in Brussels yesterday that the Italian judicial authorities had reported nine cases involving alleged differences between invoices and the actual amount of fresh produce delivered by farmers. Aid had been suspended to the concerns involved *pending the outcome of judicial* enquiries.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange in quiet trading, helped by the fall in sterling. After opening on the pre-market at £815, forward metal rose to a day's high of £824 before closing the late Kerb just below the best at £823. Turnover: 15,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	797-.5	+7.75	799-800	+14
3 months	818.5-9	+8.75	821-.5	+13
Settlem't	797.5	+7.5	—	......
Cathodes				
Cash	793-4	+7	794-5	+12.5
3 months	806.5-7	+7.25	807.5-8	+16½
Settlem't	794	+7	—	......
U.S. Prod	—	......	*82-8	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £796.5, 97; three months £815, 16, 17, 17.5, 18, 18.5, 19. Cathodes: Cash £794; three months £808, 07, 08.5. Kerb: Wirebars: three *months* £819, 18.5, 18. Afternoon: Wirebars, three months £819, 19.5, 20, 21, 21.5. Cathodes: Three months £807. Kerb: Wirebars, three months £824, 23.5, 23, 23.5.

TIN—Unchanged on balance in fairly active trading. After opening at £6,120, forward metal dipped to £6,075 on hedge selling before fresh U.S. buying lifted the price back to £6,120 on the late Kerb. Turnover: 885 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5928-30	+44	5935-50	+67.5
3 months	6075-80	+45	6090-5	+78
Settlem't	5930	+40	—	......
Standard				
Cash	5928-30	+44	5935-50	+67.5
3 months	6075-80	+45	6090-5	+78
Settlem't	5930	+40	—	......
Straits E.	£$31.00	+.25	—	......
New York	—	......		

Morning: Standard, cash £5930, 35, 30, 20, 25; three months £6090, 80, 85, 90, 80, 75. Kerb: Standard, three months £6,080. Afternoon: Standard, three months £6100, 6095, 6100. Kerb: Standard, three months £6110, 20.

LEAD—Moved higher in fairly active trading. Forward metal opened at £318, and closed the late Kerb at £323, the day's highest level. Turnover: 8,125 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	313-.5	+5.75	311.5-2	+2.75
3 months	322-.5	+5	321.5.2	+3.25
S'ment	313.5	+5.5	—	......
U.S. Spot	—	......	*30	......

Morning: Three months £322, 22.5, 23, 22, 22.5. Kerb: Three months £323, 22.5, 23. *Afternoon: Cash £314; three* months £322.5, 22. Kerb: Thre months £323, 24, 23, 23.5.

ZINC—Firmer on the back of consistent U.S. and speculative buying and weaker sterling, closing at the day's high of £338. Turnover: 3,225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	325.5-6.5	+7.25	325-6	+3.25
3 months	337-.5	+8.25	336.5-7	+4
S'ment	326.5	+7.5	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £336, 36.5, 37, 36.75, 37, 37.5, 37. Kerb: Three months £337. Afternoon: Three months £337, 36.5. Kerb: Three months £337.5, 38.

*ALUMINIUM—Gained ground as sterling weakened, with the Contango narrowing to £4 at one point. The close on the late Kerb was £873, just below the day's best. Turnover: 76,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	561-2	+22.5	566-7	+24.5
3 months	564-5	+15.2	571-2	+21

Morning: Cash £660; three months £663, 64, 63.5, 64, 65, 64. Kerb: Three months £664, 63. Afternoon: Three months £666, 67, 68, 69, 70, 71, 72, 71, 71.5, 72, 73, 72.5, 72. Kerb: Three *months* £675, 74, 76, 77, 78, 79, 78, 77, 76, 75, 73, 74.5, 4, 75, 74, 73.

NICKEL—Moved ahead in line with the other metals. The day's best was £2,815, forward metal closed the late Karb at £2,805. Turnover: 384 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2815-52	+48.5	2740-50	-52.5
3 months	2785-90	+46.5	2815-24	+55

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Cash £2820; three months £2790. Kerb: Three months £2780. Afternoon: Late February £2835; three months £2795, 2800, 09, 10, 15. Kerb: Three months £2810, 15.

LEGAL NOTICES

NORTON WARBURG GROUP LTD.
THE COMPANIES ACTS 1948 TO 1976

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors *of the above-named Company will be* held at the offices of ROBSON RHODES, 186, City Road, London EC1V 2NU, on Tuesday, the 10th of March 1981, at 10.30 am, for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 19th day of February, 1981.
By Order of the Board.
R. J. C. LYNCH, Secretary.

NORTON WARBURG HOLDINGS LTD.
THE COMPANIES ACTS 1948 TO 1976

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Dated this 19th day of February, 1981.
By Order of the Board.
R. J. C. LYNCH, Secretary.

SILVER

Silver was fixed 0.4p an ounce higher for spot delivery in the London bullion market yesterday, at 573.2p. U.S. equivalents of the fixing levels were: spot $13, down 24.8c; three-month $13.522, down 24.4c; six-month $14.107, down 21.6c; and 12-month $15.126, down 23c. The metal opened at 569p-578p ($12.90-$13.10) and closed at 571p-581p ($12.90-$13.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	573.20p	+0.4	577.0p	+4.8
3 months	590.80p	+0.25	596.0p	+5.5
6 months	610.30p	+0.85	—	......
12months	648.40p	+3.9	—	......

LME—Turnover 104 (96) lots of 10,000 ounces. Morning: Three months 593, 94, 94.5, 94, 94.1, 93.5, 94. Kerb: Three months 594. Afternoon: Three months 590, 91, 94. Kerb: Three months 593, 95, 94, 92, 93.

COCOA

Cocoa futures remained steady accurately reflecting currency movements, for prices to close with gains of £15. Physical business was active as modest producer sales were absorbed by renewed interest among Continental buyers who took advantage of the improved strength of European *currencies over sterling, reports Gill* and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	864-865	+16.0	865-857
May	905-906	+19.0	906-896
July	928-929	+17.0	929-920
Sept.	949-950	+15.5	950-943
Dec.	980-981	+15.0	980-973
March	1002-04	+14.5	1004-997
May	1020-24	+15.0	1020-18

Sales: 2,889 (2,617) lots of 10 tonnes.

ICCO Futures—Daily price for Feb. 20 94.18 *(92.57); five-day average 92.48* (91.53).

COFFEE

Robustas opened only slightly higher in light volume during a disappointing opening session, reports Drexel Burnham Lambert. The trading range was extended during the afternoon, but higher levels tended to attract dealer profit-taking and trade resistance. However, further gains towards the close were prompted by continued weakness in sterling and a steady New York which inspired some late commission *house and trade buying.*

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1029-30	+5.5	1031-22
May	1040-41	+12.5	1041-28
July	1052-54	+14.0	1056-40
Sept.	1066-67	+15.0	1069-52
Nov	1068-70	+14.5	—
Jan	1070-1100	+10.0	—
March	1068-1120	+10.5	—

ICO Indicator prices for February 20 (U.S. cents per pound): Arabicas *125.67 (125.50); Robustas ICA 1976* 115.00 (same); ICA 1968 115.25 (same). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged, trading was very slow on the morning session until *tender details were announced. Old* crop Barley held steady with good demand for the spot to close unchanged to 5p lower. Wheat saw selling pressure from commercial *sources with values losing 35p-50p on* the day in thin volume. New crops saw selling pressure from country sources on September Barley. Wheat did not trade but registered losses of *20p-25p, reports Acli.*

WHEAT			BARLEY	
Mnth	Yesterd-ys close	+ or —	Yesterday close	+ or —
Mar	108.20	-0.55	95.45	......
May	111.55	-0.50	98.95	-0.85
July	115.30	-0.55	—	......
Sep	98.80	-0.20	93.50	-0.45
Nov	102.45	-0.20	97.35	......
Jan	106.25	-0.25	101.20	-0.10

Business done—Wheat: March 108.60-108.20, May 112.05-111.55, July 115.80-115.75, Sept. 98.80-98.80, Nov. and Jan. no trade. Sales: 108 lots of 100 tonnes. Barley: March 95.45-95.25, May 98.90-98.80, July no trade, Sept. 93.65-93.50, Nov. 97.35-97.35, Jan. no trade. Sales: 260 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent March 113.50, transhipment East Coast seller. *U.S. Hard Winter 13½ per cent March 105.50, April 106.50 transhipment* East Coast seller. English Feed fob prompt 100 paid. Maize: S. African Yellow March/April 87.00. Barley: English Feed fob April/June 103 seller. Rest *unquoted.*

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 95.60, E. Midlands 96.50, N. East 94.00, Scotland 91.90. The UK Monetary Co-efficient for the week beginning Monday, March 2 (based on HGCA calculations) using 4 days exchange rates) is expected to change to 0.839.

RUBBER

The London physical market opened slightly easier, but good interest was seen throughout the day due to weaker sterling, closing firm. Lewis and Peat reported an fob March price for No. 1 *RSS in Kuala Lumpur of 298.5 (297.5)* cents a kg and SMR 20 at 263 (261).

No 1. R.S.S.	Yest,r'ys close	Previous close	Business Done
Mar.	58.20-58.50	58.50-58.60	58.20-57.50
Apr.	58.00-60.50	57.00-58.40	58.50
Apr-Jne	60.20-60.50	58.70-58.90	60.30-58.90
Jly-Sept	63.20-65.40	62.10-62.10	65.50-61.90
Oct-Dec	65.90-66.10	65.00-65.10	66.10-65.10
Jan-Mar	68.00-69.00	67.00-68.00	—
Apl-Jne	71.00-72.10	70.90-71.10	71.20-71.10
Jly-Sept	74.00-75.10	73.90-74.10	—
Oct-Dec	77.00-78.10	76.90-77.10	—

Sales: 186 (341) at 15 tonnes and 33 (1) at 5 tonnes. Physical closing prices (buyer) were: Spot 57.00p (56.00p), April 61.50p (61.00p), May 61.80p.

SOYABEAN MEAL

The London market opened £2 higher on sharply weaker sterling, reports T. G. Roddick. Prices eased on light profit taking before rallying to close at the highs.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	—	—	—
April	126.80-26.0	+2.50	126.00-125.00
June	129.20-29.5	+1.80	129.50-128.50
August	131.20-31.5	+2.10	131.80-30.50
October	152.00-53.0	+1.75	152.50
December	155.00-56.0	+0.75	—
February	155.00-58.0	—	—

Sales: 249 (28) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £254.00 (£257.00) tonnes cif for Feb.-March-April shipments. White sugar daily price was £280.00 (£264.00).

*The market opened around pre-*weekend levels but then drifted some £4 in dull trading conditions. Later quotations improved as the pound weakened and New York moved upwards. *Final prices were around* the highs some £10 above the worst levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Mar	260.25-60.50	258.60-58.50	261.00-48.00
May	261.50-62.00	259.50-51.00	265.00-51.00
Aug	260.50-61.00	257.80-58.50	261.00-48.50
Oct	255.50-56.00	254.00-54.50	257.00-46.25
Jan	258.00-41.50	237.50-38.00	256.00-52.00
March	241.00-41.50	253.00-41.00	241.50-55.80
May	240.00-41.50	235.00-37.00	—

Sales: 10,190 (11,583) lots of 50 tonnes.

Tate and Lyle ex-refinery price for *granulated basis white sugar was* £342.5 (same) a tonne for home trade and £332.00 (£341.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. *Prices* for February 20. Daily price 23.46 (23.38); 15-day average 24.31 (24.36).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). *New Zealand cents* per kilo. March 343, 347, 346, 1; May 355, 358, nil, nil; Aug. 362, 368, 364, 2; Oct. 372, 378, 374, 1; Dec. 376, 379, nil, nil; Jan. 379, 382, nil, nil; March 381, 383, *nil, nil; May* 382, 387, *nil, nil;* Aug. 382, 387, 384, 3. Sales: 7.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 481.0, 481.5, 486.3-481.0, 40; May 487.5, 489.0, 492.5-487.5, 63; July 498.5, 500.0, 502.0-498.0, 121; Oct. 488.0, 489.0, 489.0-486.5, 15; Dec. 501.0, 501.5, 501.5-501.0, 3; March 508.5, 510.0, 507.0-507.0, 4; May 513.0, 514.0, 513.0-513.0, 5; July 517.8, 525.0, —, —. Sales: 251.

PRICE CHANGES

	Feb. 23 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£818/815
Free Mkt	$1500/1550	+40	$1480/430
Copper			
Cash w'bar	£799.5	+14	£755
3 mths	£821.25	+13	£777.5
Cash Cathode	£795	+12.5	£748.5
3 mths	£807.75	+15.25	£765.5
Gold troy oz	$502.5	—5	$529.5
Lead Cash	£311.75	+2.75	£273.75
3 mths	£321.75	+3.25	£286
Nickel	£3,156	......	£3,228.57
Freemkt	285/305c	......	270/290c
Platin'mtr'y oz	£202	......	£202
Freemkt	£215.30	+2.3	£197.25
Quicksilver†	$395/405	+5	$375/385
Silver troy oz	573.20p	+0.40	556.40p
3 mths	590.80p	+0.25	574.90p
Tin Cash	£5,942.5	+67.5	£5,700
3 mths	£6,092.5	+70	£5,862.5
Tungsten22.04lb	$144.21	......	$143.90
Wolfrm 22.04 lbs	$150/154	......	$147/150
Zinc Cash	£325.5	+3.25	£309.5
3 mths	£336.75	+4	£321.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$600r	......	$615
Groundnut	:	......	:
Linseed Crude	£404	......	£412
Palm Malayan	$630y	—5	$610
Seeds			
Copra Philip	$415	+5	$405
Soyabean(U.S.)	$316w	......	$303
Grains			
Barley Futures	£98.85	—0.05	£102.35
Maize			
French	:	......	£121
Wheat			
No 1 Red Spg	:	......	:
No2 HardWint	£106.50x	......	£103.75
Eng. Milling†	:	......	:
Other commodities			
Cocoa ship't	£991	+19	£925
Future May	£905.5	+19	£866.5
CoffeeF t'May	£1040.5	+12.5	£992.5
Cotton A.Index	96.20c	—0.15	98.50c
Rubber (kilo)	57p	+1	54p
Sugar (Raw)	£254	—3	£267
Woolt'ps 64s kl.	314p kilo	......	304p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Buyers showned no concern about extending their engagements, and the uptake was extremely narrow. Scattered demand in certain specialist qualities was encountered, but few purchases were made.

POTATOES

LONDON POTATO FUTURES—April continued nervous in front of the PMB meeting. November and February were steady for most of the day but easing back towards the close, reports Coley and Harper. Closing prices: April 59.80 —20 (high 60.00, low 59.50; Nov. 58.00 +60 (high 58.50, low 57.50); Feb. 67.30 +80 (high 67.50, low 66.50). Turnover: 105 (116) lots of 40 tones.

TEA AUCTION

LONDON TEA AUCTION — 49,848 chests were on offer at yesterday's auction. The market continued strong. Assams were well supported and *mediums put on 1p-3p. Soloury* Bangladesh teas also sold readily but plainer lines were weak. Bright East African CTCs met improved competition and gained 2p-3p with dusts *strong, while mediums opened irregular* but closed mainly firm. Central Africans showed an easier tendency apart from selected colouty invoices. Celons came to a good market with *dusts often substantially dearer. Quotations:* Quality 125p a kilo (122p), medium 108p a kilo (104p), plain 65p a kilo (67p).

JUTE

JUTE—Feb./March C and F Dundee: BWC £233, BWD £194, BTD £288, BTC £230, BTD £195. C and F Antwerp: BWC $525, BWD $406, BTB $638, BTC $515, BTD $436. Jute goods C and F Dundee Feb.: 40in 10oz £9.53, 40in 7.5oz £7.45. B Twills £25.28.

AMERICAN MARKETS

NEW YORK, February 23.

PRECIOUS METALS and copper sold off on the strength in the dollar and lack of confidence that interest rates will continue to decline. Sugar rallied from early losses on trade buying. Cotton sold off heavily on profit-taking. The livestock complex declined sharply with some limit losses as the cash product markets continued to drift lower. Coffee rallied for good gains from heavy early losses on local and professional buying. Cocoa drifted lower on arbitrage selling related to weak sterling. Grains and soyabeans opened with heavy losses and rallied on short covering with only wheat finishing mixed for the day, reported Heinold.

Copper—Feb. 81.35 (81.80), March 81.50-81.55 (82.00), April 82.85, May 84.05-84.25, July 86.60-86.70, Sept. 89.00, Dec. 92.00, Jan. 93.10, March 95.10, May 96.80, July 98.55, Sept. 100.30 Dec. 103.00.

Sugar—No. 11: March 24.70-24.80 (24.42), May 25.05-25.20 (24.37), July 25.25, Sept. 24.65-24.70, Oct. 24.40, Jan. 22.00-23.00, March 23.25-23.30, May 23.20-23.30, July 23.75. Sales: 11,312.

Tin—628.0-631.0 (629.0-642.0).

CHICAGO, February 23.

Lard—Chicago loose 19.50 (19.25).

Live Hogs—April 48.15 (47.65), June 52.45-52.60 (53.92), July 53.97-54.15, Aug. 52.90-53.05, Oct. 51.90, Dec. 54.60, Feb. 55.60, April 55.05.

‡‡Maize—March 359½-359 (362¾), May 371¼-371 (373¾), July 379¾-379½, Sept 377½-378, Dec. 378-378¼, March 386.

‡Soyabeans—March 754-752 (762½), May 780-778½ (790½), July 805-804, Aug 813, Sept. 821, Nov. 834, Jan. 853, March 875.

‖Soyabean Meal—March 215.9-215.5 (218.7), May 24.8-224.5 (227.4), July 231.5, Aug. 234.0, Sept. 237.0, Oct. 238.0, Dec. 242.5-243.0, Jan. 243.0-243.5, March —, May —.

Soyabean Oil — March 24.12-24.10 (24.32), May 25.03-24.98 (25.22), July 25.80, Aug. 26.08-26.10, Sept. 26.30, Oct. 26.55-26.65, Dec. 27.22-27.30, Jan. 27.40-27.50, March 27.75-27.90, May —.

†Wheat — March 462½-461 (461¾), May 476-477 (474¾), July 477-478½, Sept. 495, Dec. 515-514, March 533.

WINNIPEG, February 23. §Barley—March 151.20 (151.90), May 153.50 (153.50), July 152.20, Oct. 152.90, Dec. 151.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel † Cents per 60-lb bushel ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, Feb. 23.

Wheat—U.S. No. 2 Dark Hard Winter, 13½ per cent, March $223, April $227, *May $228, June $228.* U.S. No. 2 Red Winter March $213, April $216, May $222. U.S. No. 2 Northern Spring, 14 per cent, March $243.50, April/May/June/July $221.50, Aug. $224.50, Sept. $227.

Maize—Afloat $167, March $168.25, April $173, May $175.50, June $178.50, July/Sept. $180.50, Oct./Dec. $180.50, Jan./March $192.

Soyabeans—U.S. No. 2 Yellow Gulfports spot $312, afloat $303, March $310.50, April $318.75, May $322.75 June $328, July $331, Aug. $334, Sept. $338.50, Oct. $338, Nov. $339, Dec. $345, Jan. $350. Argentine June/July $324. Argentina/Uruguay/Brazil/Gulf May $320, June $328.50, July $329.50 sellers.

Soyameal—44 per cent protein, U.S. *afloat $273, March $272.50, April $278,* April/Sept $290, Nov./March $305 Brazil Pellets afloat Feb. $288, March $290, April/May $291.50, April/Sept. $300.

PARIS, Feb. 23.

Cocoa—(FFr per 100 kilos): March 945-955, May 965-985, July 992, Sept. 1,040-1,050, Dec. 1,070-1,085, March 1,100-1,120, May 1,130-1,150. Sales at call: nil.

Sugar—(FFr per tonne): May 3,100-3,105, July 3,060-3,100, Aug. 3,045-3,050, Oct. 2,890-2,950, Nov. 2,800, Dec 2,700-2,800, March 2,690-2,730, May 2,660-2,740. Sales at call: 16.

INDICES

FINANCIAL TIMES

Feb. 20	Feb. 19	Month ago	Year ago
257.42	256.00	252.08	299.19

(Base: July 1, 1952=100).

MOODY'S

Feb. 20	Feb. 19	Month ago	Year ago
1156.4	1152.4	1176.51	1385.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 20	Feb. 19	Month ago	Year ago
Spot	430.14	427.90	424.29	425.05
Fut'rs	445.25	442.55	444.16	451.55

(Average 1924-25-26=100)

REUTERS

Feb. 23	Feb. 20	M'nth ago	Year ago
1722.4	1711.0	1679.2	1755.6

(Base: September 18, 1931=100)

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 71.0 to 75.0; English hindquarters 80.0 to 86.0, forequarters 55.0 to 59.0; Ulster hindquarters 82.0 to 88.0, forequarters 54.0 to 58.0; Eire hindquarters 81.0 to 85.0, forequarters 56.0 to 58.0. Veal: Dutch hinds and ends 107.0 to 110.0. Lamb: English small 70.0 to 76.0, medium 68.0 to 75.0, heavy 66.0 to 72.0; Imported frozen: New Zealand PL 57.0 to 58.0, PM 57.0 to 58.0. Pork: English, under 100 lb 43.0 to 50.0, 100-120 lb 42.0 to 48.0, 120-160 lb 41.0 to 45.0.

*

GRIMSBY FISH — Supply: good, demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £2.80-£4.00, codlings £2.50-£3.50; Large haddock £5.00-£5.70, *medium* £3.70-£4.80, small £3.50-£5.00; Best small plaice £2.00-£2.20; Skinned dogfish (medium) £5.50-£7.00; Lemon soles (large) £12.50, (medium) £10.50; Saithe £1.80-£2.00.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.30-5.05. Spania: Navels 48/54/60 4.20, 70 4.00, 80 3.80, 100 3.60, 112/150 3.50, 120 3.40; Moroccan: Navels 56/125 3.40-3.80; Cyprus: Shamoutis 15 kg 42/112 2.50; Egyptian: 72/125 2.50. Sours—Seville: 56 lb 5.50. Lemons—Spania: Trays 25/54 2.20-2.40; Cyprus: 10 kg 4.00-4.50; Italian: 100/120 3.75-4.00; South African: 80/100 6.00; Jaffa: 6.00. Grapefruit—Cyprus: 20 kg 40/64 3.00-3.50; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85; Egyptian: 30/100 2.50. Satsumas—Spania: 90/105/126 3.80, 144/154 3.60, 168 3.40, 182 3.20. Clementines—Spania 3.40-4.50. Wilkings—Jaffa: 22 lb 80/90 4.20. Temples—Jaffa: 24 lb 60/82 4.70-5.20. Apples—French: Stark Crimson 40 lb 3.80-5.00, Golden Delicious 40 lb 125/175 3.60-5.00, Granny Smith 40 lb 5.00-6.00, 20 lb 72 3.00, 84 2.50; Italian, 40 lb Romes 60/70 4.20, Granny Smith 19-20 lb 60/70 2.50.

LONDON STOCK EXCHANGE

MLR suggestions trigger renewed demand for Gilts
Authorities twice activate tap stock—ICI unsettled

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6

* "New time" dealings may take place from 9 am two business days earlier.

Government securities made *most of the running in London* stock markets yesterday, the equity sectors entering the third and final week of the current trading Account in subdued fashion with the exception of last Friday's newcomer, **British Aerospace**.

Suggestions of a possible three point cut in Minimum Lending Rate in next month's Budget, whereas recent optimism has been based on a maximum of a two point reduction, prompted good support for Gilts, allowing the Government broker to sell further supplies of the £20-paid medium tap stock, **Treasury 12 per cent 1986**, at 20½ ad 20⅝ before withdrawing at the latter level.

Once again, the day's activity centred around this area, other medium-dated stocks closing with gains extending to ¾. The shorts also made good progress partly *because of a continuing tendency* to switch from long-dated issues which rarely strayed far from overnight closing levels.

Weekend Press comment about whether or not **ICI** will maintain its final dividend payment when the group announces its preliminary figures on Thursday created uncertainty throughout equity markets. Against this backcloth, nervous offerings left ICI 8 down at 284p, but falls in other leading shares were usually limited to a few pence. The FT 30-share index eased 1.8 to 486.6.

British Aerospace provided one of the few notable areas of activity and briskly traded up to 179p before settling at 174p, a premium of 24p over the issue price of 150p. Insurance shares were a bright sector, making fresh headway on yesterday's sharp fall in sterling, while other individual features were often the result of company trading statements or weekend Press mention.

Subdued business in the underlying securities was reflected in Traded options where total contracts amounted to only 531. **ICI** attracted 127 deals ahead of Thursday's annual results, while **Lonrho** recorded 134 deals, 99 of which were arranged in the soon-to-expire February 104's.

Grindlays better

Weekend comment on the preliminary results prompted a reaction in **Lloyds Bank** which, at 328p, lost Friday's rise of 7. Other major clearers drifted lower on lack of support, **NatWest**, which reports its annual figures today, relinquished 4 at 364p, while **Barclays** eased 2 to 398p. Elsewhere, **Grindlays Holdings** revived with a rise of 6 to 162p on speculative buying fuelled by talk of a possible bid from Lloyds, which already owns a 41.4 per cent stake in the group. Discount Houses mirrored the firm trend in gilts. **Cater Ryder** added 3 at 383p as did **Jessel Toynbee**, at 83p. **Gillett Bros.**, 233p, held firm awaiting tomorrow's results. In Merchant banks, **Hambros** rose 7 to 660p, after 665p, on investment demand.

The renewed weakness of sterling helped to attract buyers to the Insurance sector. Composites were particularly favoured with **General Accident**, *306p*, **Royals**, *373p*, *and* **Sun Alliance**, 774p, all closing 10 higher. **GRE** put on 8 at 324p as did **Phoenix**, at 260p. **Commercial Union** closed 5 better at 153p, after 158p; the latter's preliminary figures are due today.

Nervousness ahead of next month's Budget stifled investment interest in the drinks sector. Breweries all shed around a penny and, in Wines and Spirits, **Distillers** gave up 3 more at 185p. **Invergordon** eased 2 to 161p; the latter is due to announce annual results on March 2.

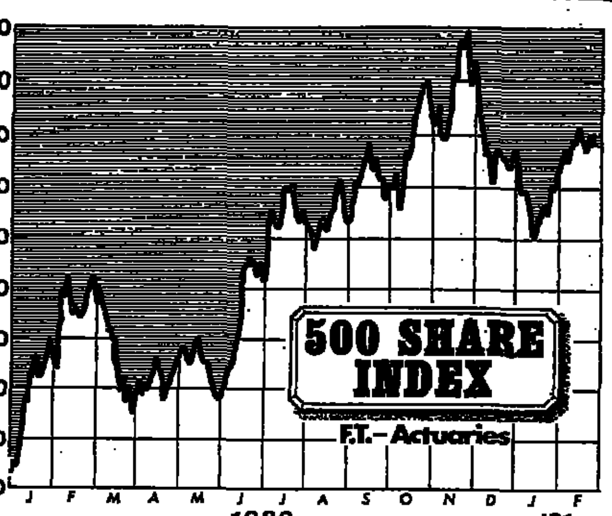
Stores idle

The Building sector retained a firm undertone on revived cheaper money hopes, but early gains were pared, and occasionally erased. **Redland** touched 174p before closing unchanged on balance at 170p, while **Blue** *Circle* reverted to *386p* from 388p. **Taylor Woodrow**, however, firmed 10 to 498p, while **London Brick**, an unsettled market of late on the closure of the company's Ridgmont Works, improved a penny to 69½p. **BPB** hardened a couple of pence to 238p and **Tarmac** a penny to 301p. Outside of the leaders, **Wilson (Connolly)** added 4 more to a 1980-81 peak of 162p and **Newarthill** 5 to 375p, but **Higgs and Hill**, at 101p, gave up 3 of last Friday's Press-inspired gain of 10. **Ward Holdings** firmed 2 to 53p in front of Thursday's preliminary results.

A large selling order depressed **ICI** which closed 8 down at the day's lowest level of 284p. **Fisons**, at 135p, sustained a sympathetic fall of 5, while **Laporte**, still depressed by the rationalisation moves, lost 2 more at 83p. Among other Chemicals, **Blagden and Noakes** *gained* 4 *to* 102p; Rheem International has increased its stake in the company to 9.04 per cent. **Stewart Plastics** added 4 at 106p, while **Anchor** improved 2 to 70p.

Trade in Stores was mainly confined to secondary issues. **Vantona** added 3 to 98p awaiting today's full-year results, while renewed speculative demand left **Bakers Household** 6 dearer at 120p. Support was also seen for **Allebone**, 5 up at 33p, but **Sumrie Clothes** encountered profit-taking and fell 3 to 42p.

With the exception of **GEC**, which softened a few pence to 640p, the Electrical leaders trended higher in moderate trading. **Philips' Lamps** were outstanding at 367p, up 12, while **Thorn EMI** put on 4 to 304p. **Plessey**, ahead of Thursday's interim figures, hardened 2 to 304p.



Elsewhere, **Ferranti** moved up 10 to 515p and **Electrocomponents** gained 5 at 690p. **Dale**, at 74p, retrieved 2 of Friday's sharp fall of 17 which followed the abysmal *interim statement.*

The Mechanical Engineering Short Term Trends report predicting that prospects for the industry are grim even when the recession ends served to deter investment interest in the Engineering leaders. Consequently, prices drifted lower on lack of support and **Hawker** shed 4 to 270p, while **Vickers** declined 3 at 149p as did **GKN** at 146p. **Tubes** relinquished 2 to 182p and **John Brown** lost the turn at 704p. Elsewhere, **Davy Corporation** ran back 5 to 147p on the decision to refer the Enserch offer to the Monopolies Commission. **Pegler-Hattersley** shed 5 at 145p, while **Haden Carrier**, 210p, and **Westland**, 125p, lost 4 apiece. **Charles Baynes**, on the other hand, improved 2 to 28p in response to the increased dividend, higher profits and proposed 100 per cent scrip-issue. *Duport were suspended at 12p* pending details of the rescue operation.

Secondary issue again provided the main features in Foods. **Avana** continued to respond to the £5.4m profit forecast contained in the offer document for **Robertson Foods**, and gained another 13 to a 1980/81 peak of 235p. Robertson rose 7 to 168p; the Avana offer is currently worth about 176p per share. After dipping to 13p on news of a proposed £1.45m rights issue of A shares and capital changes, **Barker and Dobson** picked up to close a net 1½ dearer at 17½p, **British Vending**, a strong market of late on speculative support, shed 3½ to 23½p owing to profit-taking. Among the leaders, **Rowntree Mackintosh** encountered fresh offerings and shed 4 to 156p.

Seaview Hotels rose 13 to 223p on Far-Eastern influences, but leading issues were little altered.

Unilever up

The lacklustre miscellaneous industrial leaders were featured by **Unilever** which rose 8 to 473p on buying ahead of next Tuesday's preliminary results. **Bowater** put on 3 to 200p, after 202p, but **Beecham** shed 5 at 174p. Elsewhere, **Hoover A**, firm at 133p reacted to close a net 3 down at 124p following news of the halved dividend and £2.75m annual deficit. **Kalamazoo** softened 2 to 63p on the announcement of short-time working, while **Siebe Gorman** came on offer at 168p, down 7. **Johnson Matthey**, however, rose 6 to 225p ahead of tomorrow's nine-monthly figures. Revived speculative support prompted improvements of 6 in **Gripperrods**, 130p and **R. K. Watson**, 84p.

Healys advanced 6½ to 87½p after the cautiously optimistic tone of the chairman's annual review. Other *Motor Distributors* firmed in sympathy, and gains of around 3 were common to **Tate of Leeds**, 68p, **Alexanders**, 12¼, **Caffyns**, 134p, and **Lex Service**, 92p. Components retained an irregular appearance. **Flight Refuelling** added 6 more at 274p on speculative support, while **Dowty** rose 4 to 234p, but **Lucas** were unsettled at 169p, down 2.

Properties passed a rather uninspiring session and closed narrowly mixed. **Land Securities** and **MEPC** eased a couple of pence to 400p and 235p respectively. Elsewhere, **M. P. Kent** put on 3 to a 1980/81 peak of 120p following weekend newspaper comment, while **Rosehaugh** gained 5 to 253p in response to the interim figures. **Apex** found support, at 165p, up 5, and **Chesterfield** revived with a gain of 8 to 383p.

Oils neglected

Interest in Oils remained at a low ebb and prices drifted lower *for want of attention*, **Shell** losing 4 to 398p and **British Petroleum** 3 to 390p. **Tricentrol** gave up 4 at 302p and **Ultramar** 3 at 460p. Elsewhere, **Sovereign** picked up 7 to 390p, while favourable Press comment prompted gains of 6 apiece in **Candecca**, at 220p, and **O.R.E.**, at 166p.

P & O Deferred ended a penny harder at 121p, but other Shippings trended lower where changed. **Reardon Smith** issues *met with profit-taking* and the Ordinary dipped 12 to 168p, while the A fell 7 to 148p.

Preliminary figures much better than market estimates and a slightly increased dividend took **Nottingham Manufacturing** up 9 to 118p, after 119p. The news also aided sentiment in certain other Textiles and **Dawson International** stood out with a gain of 5 to 156p. **Carrington Viyella**, annual results tomorrow, hardened a fraction to 12p, while **Levex** firmed 1½ to 21p. Press comment lifted **Jerome** 7 in a restricted market to 66p.

Selected Plantations continued to attract good support from the Far East where the Straits Times index is at an all-time peak. **Inch Kenneth** rose 8 to 183p, while **Lunuva** firmed a similar amount to 385p. **Malakoff** were additionally helped by rumours of a pending scrip issue and spurted 20 to 144p.

Golds firmer

Mining markets marked time yesterday in generally quiet trading conditions. Gold finally closed at $502.5, off $5, but the Gold Mines index gained 5.8 to 341.0.

South African Golds held up well, after opening firmer on good demand from Johannesburg, and maintained the slightly higher levels throughout the day. *Among the heavyweights*, **West Driefontein** were outstanding with a 1¼ rise to £33, and **Vaal Reefs** put on ¾ to £31¾. Gains of around a half-point were common to **Free State Geduld** £20⅝, **Buffelsfontein** £18, **St. Helena** £17⅞ and **Winkelhaak** £13¼.

Durban Deep shone in the lower-priced issues with a gain of 41 to 881p, while **Doornfontein** were 40 better at 815p and **Welkom** 27 up at 705p. Rises of between 10 and 20 were common to **ERPM** 837p, **Blyvoor** 705p, **Free State Development** 260p and **Ventersport** 551p.

South African Holding concerns remained a firm market with "**Anamint**" a point better at £42¼, "**Amgold**" up ½ at £40¼ and **Gold Fields of South Africa** a similar amount better at £26. **Anglo American** gained 15 to 630p.

London Financials were also firm, **Charter** were 5 to the good at 235p, **Tanks** 3 better at 263p and **Consolidated Gold Fields** 2 up at 442p.

In Australians, **Peko-Wallsend** lost 20 to 375p after the release of poor first-half results, but most of the other leading shares were little changed. **Western Mining** gave up 5 at 238p, while **Gold Mines of Kalgoorlie**, at 350p, and **Pancontinental Mining**, at 495p, were both 5 better.

Bonnerpark hearing today

The court hearing to approve the proposal by **Bonnerpark**, controlled by Mr. Roy Strudwick, to compulsorily acquire the outstanding 25 per cent of **Royco**, has been adjourned until today.

Bonnerpark proposes to cancel the outstanding shares and pay shareholders 60p by way of compensation. This is 10p above the price which the company paid for its holdings last year, and which shareholders owning 24.6 per cent accepted during the bid.

The new price, however, has still been opposed by some shareholders as inadequate. A group of shareholders led by M. J. Douglas, have written to the Companies Court outlining their opposition to the proposed scheme of arrangement to cancel *the shares.*

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
British Aerospace 'New'	50p	11	174	+ 3	179	170
ICI	£1	8	284	− 8	402	282
Avana	5p	6	235	+13	235	76½
GEC	25p	6	640	− 3	653	326
Tricentrol	25p	6	302	− 4	428	250
Ass. Dairies 'New'	Nil/pd.	5	22pm	—	22pm	17pm
BAT Inds.	25p	5	282	—	295	223
Bass	25p	5	206	− 1	243	188
Beecham	25p	5	174	− 5	185	108
Boots	25p	5	235	+ 1	258	158
Delta Metal	25p	5	52½	+ ½	68	41½
European Ferries	25p	5	160	− 1½	192	98
Marks & Spencer	25p	5	121	—	126	77
Shell Transport	25p	5	398	− 4	522	314
Thorn EMI	25p	5	304	+ 4	380	260

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6

For rate indications see end of Share Information Service

Demand for Options was extremely slow. Calls were taken out in **British Aerospace**, **Marks and Spencer**, **Lonrho**, **Charterhall**, **Premier Oil**, **Hestair**, **Barton and Sons**, **Hampton Trust**, **Myson**, **Burmah**, **North Kalgurli** and **Amalgamated Distilled Products**. A put was arranged in Marchwiel, but no doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Feb. 23, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Feb. 20 Index No.	Thurs. Feb. 19 Index No.	Wed. Feb. 18 Index No.	Tues. Feb. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	306.32	—	13.58	5.37	8.98	306.19	306.59	302.58	308.64	241.11
2	Building Materials (26)	273.07	+0.1	17.13	6.32	6.96	272.78	272.24	272.81	271.02	235.29
3	Contracting, Construction (26)	475.57	+0.8	19.19	5.34	6.27	471.75	470.75	467.08	465.05	363.66
4	Electricals (27)	1009.64	+0.1	8.60	2.59	14.35	1008.85	1010.08	995.13	990.84	626.74
5	Engineering Contractors (11)	404.68	−1.4	14.73	6.39	8.65	410.28	406.57	403.10	398.76	293.27
6	Mechanical Engineering (71)	179.69	−0.3	16.27	7.34	7.69	180.23	181.21	177.50	175.48	165.62
8	Metals and Metal Forming (13)	145.87	+0.4	18.08	11.45	7.01	145.30	146.86	141.51	140.16	159.64
9	Motors (21)	89.30	+0.3	20.79	9.28	5.55	89.01	89.01	87.36	87.42	111.50
10	Other Industrial Materials (16)	306.11	−0.1	14.97	7.01	7.94	306.38	307.26	304.44	302.04	0.00
21	CONSUMER GROUP (198)	246.40	+0.1	15.31	6.41	7.93	246.27	247.50	246.07	245.08	220.23
22	Brewers and Distillers (20)	267.10	−0.7	17.34	6.85	6.84	269.10	271.15	269.64	267.28	264.37
25	Food Manufacturing (23)	221.88	+0.2	17.75	7.14	6.69	221.48	221.09	220.48	219.67	200.24
26	Food Retailing (14)	461.22	+0.2	9.77	3.49	12.10	460.41	460.95	460.97	460.41	300.75
27	Health and Household Products (7)	264.52	−1.8	10.04	5.39	11.84	269.42	273.09	268.56	264.77	210.72
29	Leisure (22)	354.00	+0.8	15.80	6.46	7.81	351.27	350.68	350.31	348.82	298.49
32	Newspapers, Publishing (12)	446.31	+0.6	20.45	6.99	6.34	443.82	443.15	439.07	438.95	443.26
33	Packaging and Paper (15)	124.95	+1.1	25.56	9.72	4.53	123.65	124.30	121.78	119.96	129.85
34	Stores (44)	254.39	+0.2	11.69	4.95	11.20	253.85	255.58	254.62	256.89	218.05
35	Textiles (21)	136.61	+2.0	18.81	9.88	6.95	133.87	133.82	132.05	131.20	129.79
36	Tobaccos (3)	225.36	+0.9	24.05	10.33	4.77	223.31	225.77	224.79	222.13	204.10
39	Other Consumer (17)	255.49	+0.9	14.92	8.28	8.20	253.24	252.30	245.47	239.57	0.00
41	OTHER GROUPS (79)	215.62	−0.7	18.22	7.92	6.57	217.22	218.87	217.79	216.47	208.13
42	Chemicals (15)	274.56	−1.8	21.28	9.67	5.50	279.47	282.89	282.92	280.59	308.94
44	Office Equipment (6)	102.66	+0.9	18.13	8.09	6.54	101.71	102.94	101.26	101.03	118.57
45	Shipping and Transport (13)	562.65	−0.3	13.46	6.53	9.12	564.12	568.94	567.94	563.03	473.11
46	Miscellaneous (45)	269.28	−0.1	16.45	6.34	7.48	269.54	269.67	267.08	266.20	244.46
49	INDUSTRIAL GROUP (488)	262.98	−0.1	15.07	6.23	8.05	263.13	264.19	261.98	260.63	229.17
51	Oils (12)	829.75	−0.7	28.94	6.34	3.85	835.32	843.73	827.06	834.93	817.46
59	500 SHARE INDEX	307.95	−0.2	17.97	6.25	6.55	308.52	310.15	306.81	306.17	275.47
61	FINANCIAL GROUP (118)	245.23	+0.6	—	5.47	—	243.82	244.05	241.78	241.07	196.62
62	Banks (6)	234.51	−0.9	43.14	7.39	2.78	236.54	232.44	233.26	232.16	232.16
63	Discount Houses (10)	308.22	+0.3	—	5.84	—	307.39	306.01	305.98	305.77	224.12
64	Hire Purchase (5)	230.55	+1.1	9.86	4.44	13.38	228.09	226.95	225.14	224.87	183.27
65	Insurance (Life) (10)	252.12	+1.3	—	5.23	—	248.83	251.39	249.26	248.90	169.72
66	Insurance (Composite) (9)	156.71	+2.6	—	7.47	—	152.73	155.28	151.68	151.64	125.75
67	Insurance Brokers (9)	343.22	+1.9	13.29	6.75	10.29	336.85	343.10	336.60	332.84	283.00
68	Merchant Banks (13)	150.20	—	—	5.15	—	150.26	149.54	148.92	148.74	103.30
69	Property (45)	483.58	−0.1	3.07	2.57	45.27	483.98	483.58	478.72	476.56	359.85
70	Miscellaneous (11)	176.41	+0.2	15.55	5.26	8.17	176.08	176.19	174.94	175.45	131.54
71	Investment Trusts (109)	284.58	+0.1	—	5.40	—	284.27	284.29	282.82	281.68	223.79
81	Mining Finance (3)	215.71	+0.3	15.13	6.22	7.87	215.02	213.49	212.73	212.47	213.25
91	Overseas Traders (20)	450.17	−0.2	11.35	6.77	10.74	451.25	453.79	448.56	440.02	403.67
99	ALL-SHARE INDEX (750)	295.23	—	—	6.07	—	295.27	296.41	293.45	292.64	257.58

FIXED INTEREST PRICE INDICES

	British Government	Mon. Feb. 23	Day's change %	Fri. Feb. 20	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.98	+0.34	107.61	0.20	2.48
2	5-15 years	118.71	+0.46	118.21	—	1.89
3	Over 15 years	112.98	+0.09	113.27	0.39	2.05
4	Irredeemables	126.69	+0.14	127.96	1.45	1.45
5	All stocks	119.25	+0.29	118.14	0.22	2.10

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon. Feb. 23	Fri. Feb. 20	Year ago (approx.)
1	Low Coupons	5 years	11.26	11.36	12.93
2		15 years	12.26	12.29	12.81
3		25 years	12.48	12.47	12.81
4	Medium Coupons	5 years	13.09	13.25	14.81
5		15 years	13.87	13.91	14.38
6		25 years	13.68	13.67	14.20
7	High Coupons	5 years	13.10	13.24	14.97
8		15 years	14.07	14.12	14.72
9		25 years	13.89	13.89	14.65
10	Irredeemables		11.63	11.63	11.57

		Mon., Feb. 23 Index No.	Yield %	Friday Feb. 20	Thur. Feb. 19	Wed. Feb. 18	Tues. Feb. 17	Mon. Feb. 16	Friday Feb. 13	Thur. Feb. 12	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.32	†14.15	52.31	52.30	52.29	52.29	54.29	52.27	52.93	50.77
16	Investment Trust Prefs. (15)	50.71	13.35	50.71	50.71	50.71	50.71	50.71	50.89	50.89	48.09
17	Coml. and Indl. Prefs. (20)	67.45	13.51	67.28	67.28	67.28	67.33	67.33	67.14	67.14	61.65

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FINANCIAL TIMES STOCK INDICES

	Feb. 23	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 16	A year ago
Government Secs.	69.23	69.17	69.42	69.30	69.13	69.09	65.60
Fixed Interest	70.78	70.97	70.90	70.88	70.67	70.63	65.45
Industrial Ord.	486.6	488.4	494.2	489.3	485.5	484.5	483.7
Gold Mines	341.0	335.2	332.9	321.4	325.9	316.5	341.5
Ord. Div. Yield	7.39	7.35	7.28	7.36	7.40	7.41	7.31
Earnings, Yld. % (full)	16.43	16.36	16.18	16.37	16.47	16.49	17.98
P/E Ratio (net) (*)	7.44	7.46	7.55	7.47	7.43	7.42	6.81
Total Bargains	22,112	24,017	25,239	22,327	22,224	25,797	17,800
Equity turnover £m.	—	175.84	131.38	123.72	104.62	111.65	89.55
Equity bargains total	—	19,461	16,175	15,152	16,841	17,163	14,856

10 am 487.9. 11 am 488.3. Noon 488.8. 1 pm 487.7. 2 pm 487.1. 3 pm 487.1.

Latest index 01-246 8026.

*Nil = 6.87.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.86 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (16/5/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 23	Feb. 20
—Daily		
Gilt Edged	186.4	132.8
Industrials	111.8	94.2
Speculative	25.5	29.6
Totals	71.7	64.5
5-day Avrge.		
Gilt Edged	140.9	141.8
Industrials	106.4	108.2
Speculative	28.6	26.7
Totals	73.0	73.4

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (100)

BRITISH FUNDS (20)
INTERNATIONAL BANK (1)
CORPORATION LOANS (4)
COMMONWEALTH AND AFRICAN LOANS (2)
AMERICANS (3)
BANKS (2)
BUILDINGS (13)
CHEMICALS (2)
DRAPERY AND STORES (4)
ELECTRICALS (4)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (8)
INSURANCE (1)
LEISURE (2)
MOTORS (1)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (10)
TEXTILES (5)
TRUSTS (9)
OVERSEAS TRADERS (2)
RUBBERS (1)

NEW LOWS (3)

BUILDINGS (1)
Allied Plant
INDUSTRIALS (1)
Scot. Heritable
TEXTILES (1)
Scott and Robertson

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	70	5	21
Corpns., Dom. and Foreign Bonds	16	1	48
Industrials	266	185	935
Financial and Prop.	133	49	318
Oils	19	17	36
Plantations	3	3	17
Mines	57	29	79
Others	96	8	60
Totals	660	297	1,502

Substantial growth by Wardley

ANOTHER YEAR of significant growth in 1980 is reported by Wardley, the wholly-owned merchant banking subsidiary of the Hong Kong and Shanghai Banking Corporation. Net profit showed a substantial increase from HK$73m to $162m, and total assets improved from $5.5bn to $10.5bn. Dividends totalling $110m were paid to the Hong Kong Bank compared with $47.5m in 1979.

Mr. John Boyer, the chairman, says the increasing emphasis placed by Wardley on its overseas operations continued during the year. The performance of existing offices was excellent and their contribution to profits rose significantly.

He says the strong stock market performance in Hong Kong generated an unprecedented level of corporate finance business.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins DM37.03 40.47 −0.23 —
Frankft. Effekt. Fd. DM50.44 53.09 +0.04 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 US$145.99 — —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.69	1.74	.....	1.25
Anchor Gilt Edge	£9.23	9.30	+0.01	13.66
Anchor Int. Fd.	US$8.26	8.48	.....	1.28
Anchor In. Jsy. Tst.	39.9	42.6	.....	2.81
Berry Pac Fd.	US$59.58		.....	0.92
Berry Pac Strlg.	£3.28	3.4320	.....	1.21
G.T. Asia Fd.	HK$20.58		.....	1.21
G.T. Asia Sterling	£26.14	27.21	.....	1.53
G.T. Australia Fd.	A$36.99		.....	0.78
G.T. Bond Fund	US$11.82		+0.01	11.00
G.T. Dollar Fd.	US$12.56		.....	1.19
G.T. Dir. (Strlg.) Fd.	13.45	14.01	.....	1.11
G.T. Invest. Fd.	US$17.06		+0.11	0.59
G.T. Japan Small Cos.	US$16.36		+0.07	—
Marianne (STG) Fd.	£10.41	10.96	.....	3.31
G.T. Technology Fd.	US$21.90		.....	—
G.T. Pacific Fd.	US$15.77		+0.12	2.23
G.T. Asean Growth Fd.	US$11.85	11.81	.....	0.44

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) 88.0 93.0 +1.0 12.75

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Australian Tst.	US$11.40	12.266	−0.05	—
HK & Pac. U. Tst.	HK$8.00	8.545	.....	2.60
Japan Fd.	US$23.86	24.746	.....	0.60
N. American Tst.	US$22.39	24.014	.....	1.00
Intl. Bond Fund	US$11.21	11.873	.....	9.30

Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. 20.6 22.4 ..... 13.70
Gartmore Intl. Grth. 138.9 147.8 ..... 0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. £102.50 ..... —

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. £6.72 7.06 ..... 5.31
Next dealing day March 16.

Guinness Mahon Fd. Mgrs. (Guernsey)

[illegible]

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. 86.2 91.6 ..... 5.34
Do. Accum. 116.8 124.0 ..... 5.34
K.B. Eurobond Fd. £8.97 9.09 ..... 9.66
K.B. Far East Fd. US$27.03 ..... 1.29

[illegible]

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	55.7	59.9	+1.0	2.42
Abbey Capital	45.0	48.6	-0.2	5.04
Abbey General	54.4	58.0	-0.1	5.22
Abbey Gilt & F.I. Tst.	106.1	111.7	-0.1	11.73
Abbey Income	34.6	37.4	+0.1	9.37
Abbey W'Wide Bd Tst.	93.7	99.3	+2.0	6.75
Abbey Inv. Tst. Fd.	48.9	52.9	+0.2	4.80
Equitas Prog. Tst.	79.1	85.4	.....	4.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.0	90.5	+0.1	12.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	86.4	92.4	.....	6.28
Brit. Inds. Fund	75.8	81.1	.....	6.58
Growth & Income	49.5	53.0	-0.1	5.09
Elect. & Ind. Dev.	43.6	46.7	+0.2	5.35
Allied Capital	94.8	101.6	.....	4.54
Hambro Fund	130.2	139.3	.....	6.21
Hambro Acc. Fund	178.4	190.9	.....	4.77
Income Funds				
High Yield Fd.	62.2	66.5	+0.1	9.02
High Income	84.9	90.8	+0.3	9.79
Equity Income Fd.	44.5	47.6	+0.2	7.72
Govt. Secs.	25.3	26.4	.....	11.92
International Funds				
International	33.4	35.7	+0.2	2.24
Japan Fund	23.8	25.4	+0.2	0.25
Pacific Fund	64.4	68.9	+0.3	1.19
Secs. Of America	69.4	74.3	+1.0	2.15
Specialist Funds				
Smaller Co.'s Fd.	54.5	58.3	+0.2	4.46
2nd Smlr. Co's Fd.	66.0	70.6	+0.2	4.11

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.4	38.6	+0.1	11.81
North American	59.2	64.0	+0.8	2.68
Canadian Exempt*	65.8	69.6	.....	3.35
Canadian Trust	63.0	68.1	+1.3	2.63
Mid Mount High Inc.*	45.4	48.1	.....	10.03
Recovery	58.1	63.5	-2.0	6.78
Gilt Trust	42.2	44.2	.....	13.10

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.2	41.2	+0.1	0.91
Cres. Internat'l.	76.1	82.1	+0.7	1.75
Cres. High. Dist.	42.9	46.3	+0.3	10.53
Cres. Reserves	48.8	52.7	.....	5.55
Cres. Tokyo	31.7	34.2	+0.7	0.91

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.9	.....	9.86

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb. 6	225.3	240.3	.....	5.49

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.6	19.4	.....	7.29
Gt. Winchester O'seas	26.0	28.9	.....	3.68

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	87.2	91.7	+0.2	4.77

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	32.3	34.8	+0.4	0.80
Amer. Spec. Sits. (z)	23.9	25.7	+0.2	0.92
Gilt + Fixed Int.	25.8	26.4	+0.1	12.02
Growth + Income	30.9	33.3	+0.2	7.11
Maximum Inc. Eq. Tst.	26.3	28.3	.....	9.00
Special Sits.	38.1	41.0	.....	1.93

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.7	39.5	.....	2.17
Accum. Units	45.5	49.0	.....	2.17
J. Finlay High Income	35.5	38.2	.....	9.86
Finlay Wld. Energy	17.9	19.2	+0.1	1.80

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99¾	93⅜	Treasury 9¼pc 1981‡‡	99¾xd	+1/16	9.77	12.67
98 11/16	91¼	Exch. 8¼pc 1981	98 13/16	+⅛	8.34	12.23
98⅞	92¼	Exch. 9½pc 1981	98⅞	+⅛	9.60	12.22
96⅛	85½	Exch. 3pc 1981	96⅛	+¼	3.12	11.41
99 11/16	96½	Treas. Variable '81§§	99 3/16	.....	12.66	13.64
100⅛	95 3/16	Exch. 12¾pc 1981‡‡	100⅛	+⅛	12.70	12.08
97⅛	88½	Treas. 8½pc '80-82‡‡	97⅛	+1/16	8.75	11.94
95	82½	Treasury 3pc '82‡‡	95	+⅛	3.15	8.44
102⅞	96⅝	Treasury 14pc '82‡‡	101 15/16xd	+⅛	13.73	12.03
98⅞	94¼	Treas. Variable '82§§	98½	.....	12.75	13.76
95⅝	86⅛	Treasury 8¼pc '82	95⅝	+3/16	8.62	11.81
95⅞	86⅝	Exch. 9¼pc 1982	95⅞xd	+3/16	9.64	12.22
94¾	85	Exch. 8¾pc 1983	94¾	+¼	9.23	11.94
89	76½	Exch. 3pc 1983	89	.....	3.37	9.17
99⅜	90⅞	Treasury 12pc 1983‡‡	99⅜xd	+½	12.07	12.38
96 11/16	90⅝	Treas. Variable '83 §§	96⅝	.....	13.00	14.30
93 13/16	84½	Treasury 9¾pc '83	93 13/16	+⅜	9.86	12.51
102⅛	94¼	Exch. 13½pc '83	101 13/16	+3/16	13.25	12.65
93 11/16	84½	Exch. 10pc 1983	93 11/16	+⅜	10.65	12.66
87	76½	Funding 5½pc '82-84‡‡	87	+⅛	6.32	10.85
97 1/16	87¼	Exch. 11¼pc 1984	96½	+⅜	11.65	12.69
104 3/16	94½	Exchequer 14pc 1984	103 3/16	+7/16	13.58	12.88
80⅛	68¼	Exch. 3pc 1984	80⅛	+⅜	3.74	10.21
99⅜	88⅜	Treasury 12pc 1984	98 1/16xd	+½	12.23	12.70
109 3/16	98	Treasury 15pc 1985	106⅞	+⅝	14.03	12.75
40⅞	39 13/16	Exch 12pc Cv '85 (£40 pd)	40⅞	+3/16	12.26	12.69
74⅞	69	Treasury 3pc 1985	74⅞	+⅝	4.08	10.49
74¼	71⅜	Do. "A"	74¼	+⅝	4.04	10.71

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

400	305	Lunuva £1	385	+18	†17.0	1.0	6.3

Africa

90	57	Ruo Estates	60	......	2.0	ϕ	2.4

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.8
28	12	ACM 20c	17	......	—	—	—
19	14	Argosy Gold NL 25c	14	−1	—	—	—
*199	46½	Bond Corp.	152	......	Q7.5c	1.9	2.6
156	76	Bougainville (Kina	80	......	Q26.5c	ϕ	16.9
*350	216	CRA 50c	232	+4	Q19c	ϕ	4.2
25	11½	Canada Northwest	18	......	—	—	—
42	8	Carr Boyd 20c	21	......	—	—	—
545	152½	Central Pacific	265	−3	—	—	—
36½	9¼	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	17	Coltus Pacific N.L.	44	......	—	—	—
52	20	Eagle Corp. 10c	27	......	—	—	—
41	15¾	Endeavour 20c	36½	−½	—	—	—
600	175	G. M. Kalgoorlie 25c	350	+5	†Q13c	ϕ	1.9
46	13	Great Eastern	13	......	—	—	—
*275	117	Hampton Areas 10p	220	......	t2.5	2.4	1.6
*168	30	Haoma Gold N.L.	114	......	—	—	—
95	15	Intl. Mining	55	......	—	—	—
390	11	Kitchener NL 25c	185	......	—	—	—
720	65	Leichardt Explo.	70	−5	—	—	—
500	300	Meekatharra	380#	......	—	—	—
48	7	Metals Energy	16½	−1	—	—	2.6
91	41	Metals Ex. 50c	50	......	§Q3c	2.9	2.9
39	8½	Metramar Min. 20cts.	25	−1	—	—	—
284	150	M.I.M. Hldgs. 50c	202	−1	§Q27.6c	1.7	$
26	7	Minefields Expl. 25c.	13½	......	—	—	—
155	60	Mount Lyell 25c	84	......	†Q15c	1.7	9.3
28	15	Newmetal 20c	15	−1	—	—	—
69	13	Nickelore N.L.	49	−2	—	—	—
214	137	North B. Hill 50c.	161	......	Q18c	3.1	5.8
*106	31	Nth. Kalgurli	61	......	—	—	—
165	90	Nth. Mining Corp.	100	−2	—	—	—
*144	24	N. West Mining N.L.	70	......	—	—	—
*132	52	Oakbridge 50c	118	+6	tQ12c	1.1	5.2
200	70	Otter N. L.	150	......	—	—	—
240	128	Pacific Copper	172	......	—	—	—
620	255	Pancont'l 25c	495	+5	—	—	—
78	42	Paringa M&Ex.5p	47	−2	—	—	—
625	335	Peko-Wallsend 50c.	390	−5	tQ17.5c	ϕ	2.3
230	85	Seltrust A	95	......	—	—	—
206	57½	Southern Pacific	103	......	—	—	—
100	31	Swan Resources 20c.	52	......	—	—	—
34	8	West Coast 25c	13	−1	—	—	—
332	177	Westn. Mining 50c.	238	−5	Q14c	1.6	3.0
45	10	Westmex	22	......	—	—	—
108	54	Whim Creek 20c.	60	......	—	—	—
101	10½	York Resources	84	......	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	13	......	‡6.0	—	—
370	255	Ayer Hitam $M1	275	......	Q205c	1.0	14.4
72	42	Beralt Tin	67	......	4.5	3.2	9.6
308	149½	Berjuntai $M1	260	−5	Q85c	ϕ	6.3
230	135	Geevor	135	......	‡8.4	1.9	‡
12½	8	Gold & Base 12½p	8	......	—	—	—
810	310	Gopeng Cons.	640	......	Z21.0	ϕ	4.7
450	280	Hongkong	410	......	‡35.67	ϕ	‡
145	90	Idris 10p	125	......	26.0	ϕ	6.5
15	12½	Jantar 12½p	14	......	1.5	ϕ	15.3
118	64	Kamunting $M0.50	95	......	‡Q80c	1.0	‡
640	150	Killinghall $M1	640xd	......	Q100c	ϕ	3.5
128	48½	Malay Dredging 10c.	114#	......	ϕbQ38c	0.9	6.4
43	26	Pahang	38	−2	0.44	0.3	1.7
120	83	Pengkalen 10p	98	......	3.5	ϕ	5.1
415	230	Petaling $M1	370	......	Q180c	ϕ	9.4
44	18	South Crofty 10p	21	−1	‡1.0	ϕ	‡
305	200	Sungei Besi $M1	200	......	‡Q480c	1.1	‡
115	22½	Supreme Corp. $M1	110	......	gQ15½c	ϕ	2.7
125	90	Tanjong 15p	117	......	Z1.5	ϕ	1.9
115	78	Tongkah H. Tin ($m	80	......	Q23%	0.4	5.7
480	220	Tronoh $M1	380	......	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	205	......	Q45c	4.7	12.6

Miscellaneous

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	155	......	—	—	—
97	40	Barymin	45	+3	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
445	53	Colby Res. Corp.	220	......	—	—	—
502	200	Cons. Murch. 10c.	210	......	tQ30c	1.8	8.2
180	75	††Hemerdon 10c.	90	......	—	—	—
225	36	Highwood Res.	165	−10	—	—	—
585	300	Northgate C$1	305	......	—	—	—
*486	322	R.T.Z.	407	−1	t16.0	3.2	5.6
£115	£93½	Do.9½%Cv.Ln.'95-2000	£99	+1	Q9½%	—	f10.0
143	91	††SPO Minerals 10p	139	......	—	—	—
58	26	Sabina Inds. C$1.	37	+2	—	—	—
51	29	††SWCM 10p	32	−1	—	—	—
650	411	Tara Exptn. $1	500	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ϕ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ϕ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	−1	IRISH		
Bertam	12	......	Conv. 9% '80/82	£93¾	......
Bdg'wtr. Est. 50p	550	−5	Nat. 9¾% 84/89	£76	+⅛
Craig & Rose £1	£11¾	......	Fin. 13% 97/02	£86¾	+⅛
Fife Forge	42	......	Alliance Gas	58	......
Finlay Pkg. 5p	20½	......	Arnott	231	+1
Graig Ship. £1	£21	......	Carroll (P.J.)	82	−2
Higsons Brew	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	378	......	Helton (Hldgs.)	28	......
I.O.M. Stm. £1	160xd	......	Ins. Corp.	390	......
Pearce (C. H.)	720	......	Irish Ropes	40	......
Peel Mills	70	......	Jacob	40	......
Sheff. Refrshmt	94	......	T.M.G.	20	......
Sindall (Wm.)	135	......	Unidare	86	+4

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworths	5
B.S.R.	4½	Inveresk	3		
Babcock	11	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lofs"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¾
Burton	10	Mrks. & Spncr	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	45	Thorn	28	Charter Cons.	20
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	10
Hawker Sidd	20	Unilever	50	Rio T. Zinc	45
House of Fraser	15	U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Tuesday February 24 1981

NCB and miners agree on united front

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE National Coal Board and the National Union of Mineworkers have agreed a united front to present to the Government tomorrow.

The two sides will ask Mr. David Howell, Energy Secretary, for support "in principle" for a programme of greatly reduced imports and expanded production.

Mr. Joe Gormley, NUM president, said *after the meeting* between the coal unions and the Board yesterday: "The commitment we must have is that the country will sell every ounce of coal we produce."

No figure has been put on the cost of that commitment, although Mr. Lawrence Daly, the NUM general secretary, said it would be "hundreds of millions of pounds."

Mr. Gormley said the cost of keeping open the 23 pits which had been marked for closure on the NCB's list—now withdrawn—would rise substantially above the present yearly level of £74m.

The most important element *in the joint approach to Government* will be the method by which coal imports are to be brought down to an "irreducible minimum" which both sides see as between 1m and 2m tonnes a year. It appeared to be accepted that this might take two or three years to achieve.

At the same time, the Coal Board and the NUM will be pressing for subsidies to sell all

Water workers threaten strikes, Page 9
NCB price cuts "not for private sector," Page 8
Switch to coal, Page 6

the coal produced, including aid *to coal exports*.

The NUM takes the view that the Government must commit itself anew to the Plan for Coal, agreed between Government, unions and the Board in 1974. This means continuing to expand production, and taking out old pits only after new reserves have come on stream.

Mr. Gormley was not happy with the procedures for the closure of exhausted collieries, and suggested that in future local union officials should press for more strenuous efforts to be made to extend the life of old pits.

The major problem facing the Government will be convincing the Central Electricity Generating Board to take more UK coal at the expense of cheaper imports. The Board will insist that its agreement to take 75m tonnes a year of NCB coal includes the provision that it should be allowed to import marginal amounts of foreign coal.

It will argue that if the latter part of *the agreement is broken*, its commitment to take 75m tonnes will also be voided.

● Elinor Goodman, Lobby Correspondent, writes: Ministers discussed the implications of the Government's retreat over coal yesterday.

Officially, Mr. David Howell *is going to tomorrow's meeting* with the board and the NUM to bargain. It is clear, however, now the Government has given way over the principle of cash limits, most Ministers are unwilling to risk a fight over details.

UK groups win £114m contracts in Greece

By Paul Cheeseright

BRITISH companies have won the main contracts for building a $257m (£114.5m) petrochemical complex at Missolonghi, Greece.

Their success goes some way to allaying Government disappointment that British companies have not secured the bigger role in Greek public works contracts expected to follow signing of an official memorandum of understanding in 1979.

The contracts are worth $146m.

Foster Wheeler Energy, the British subsidiary of the U.S. contracting group, will provide utilities and act as manager. This part of the deal is worth $65m. Constructors John Brown will supply a high-density polyethylene plant worth $43m.

Sim-Chem, the Simon Engineering company, announced a $38m contract last month to provide a low-density polyethylene plant, using ICI technology.

Finance for the British supplies will be from Lloyds London yesterday signed a loan agreement in London yesterday with the project owners, Hellenic Industrial and Mining of Athens, for $124m. The loan is *supported by* the Export Credits Guarantee Department.

The petrochemical complex, medium-sized by world standards, is designed to provide the plastics industry with an assured source of raw materials. As part of the industrial development programme it is attracting Greek Government funds to cover local costs and interest charges.

The British Government was presenting the petrochemicals contracts yesterday as part of an official drive to improve commercial *relations* with Greece.

Background Page 4

Weather

UK TODAY

Cold, early and late frost, icy patches on many roads.

London, S. England, Midlands, Wales, Channel Isles:
Cloudy, sunny intervals developing, some frost. Max 6C (43F).

N. Ireland, Isle of Man, N. Scottish mainland, S.W. Scotland:
Some sun, becoming cloudy, chance of rain. Max. 6C (43F).

S.E. Scotland, Islands:
Wintry showers, cloudy, cold. Max. 3C (37F).

Outlook: Central and eastern areas dry and cold, west milder with occasional rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	10	50	Locarno	F	7	45
Algiers	S	16	61	London	C	4	39
Amsdm.	S	0	32	L. Ang.†	F	13	55
Athens	F	13	55	Luxmbg.	F	−3	27
Bahrain	F	20	68	Luxor	D	24	75
Barclna.	S	12	54	Madrid	S	8	46
Belfast	R	2	36	Majorca	F	12	54
Belgrd.	C	9	48	Malaga	F	17	63
Berlin	F	0	32	Malta	F	13	55
Biarritz	R	7	45	M'chstr.	C	2	36
Bmghm.	C	1	34	Melbne.	S	27	81
Blackpl.	C	3	37	Miami†	F	14	57
Bordx.	F	9	48	Milan	F	7	45
Boulgn.	C	3	37	Montrl.†	C	5	41
Bristol	C	4	39	Moscow	C	−5	23
Brussels	S	1	34	Munich	C	−3	27
Budpst.	F	6	43	Nairobi	F	29	84
Cairo	D	18	64	Naples	C	10	50
Cardiff	C	3	37	Nwcstl.	Sn	2	36
Cas'b'ca	F	15	59	N. York†	C	3	37
Cape T.	S	25	77	Nice	F	9	48
Chicg.†	R	2	36	Nicosia	F	17	63
Cologne	S	0	32	Oporto	F	12	54
Cpnhgn.	Sn	0	32	Oslo	S	−3	27
Corfu	C	14	57	Paris	F	2	36
Denver†	F	1	34	Perth	S	23	73
Dublin	C	4	39	Prague	Sn	−4	25
Dbrvnk.	F	14	57	Rykjvk.	C	3	37
Ednbgh.	C	3	37	Rhodes	C	17	63
Faro	F	13	55	Rome	S	12	54
Florence	C	9	48	Salzbrg.	C	−1	30
Frankft.	F	−1	30	S'ciscot	F	11	52
Funchal	F	17	63	Singapr.	F	31	88
Geneva	Sn	0	32	Stckhm.	C	−2	28
Gibrltr.	F	17	63	Strasbg.	F	1	34
Gl'sg'w	C	3	37	Sydney	F	24	75
G'msey	Sl	4	39	Tangier	F	16	61
Helsinki	C	−4	25	Tel Aviv	F	25	77
H. Kong	C	24	75	Tenerife	C	18	64
Innsbrk.	F	−1	30	Tokyo	Sl	3	37
Invrnss.	F	2	36	T'r'nto†	R	9	48
I.o Man	C	3	37	Tunis	C	14	57
Istanbul	F	9	48	Valencia	F	15	59
Jersey	R	4	39	Venice	C	5	41
Jo'burg	F	21	70	Vienna	C	2	36
L. Plms.	S	18	64	Warsaw	C	3	37
Lisbon	S	11	52	Zurich	C	−2	28

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. D—Dust storm.
† Noon GMT temperatures.

Japan move to solve car export dispute before Washington visit

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN will make an effort to resolve its car export dispute with the U.S. before Mr. Zenko Suzuki, the Prime Minister, goes to Washington in early May.

The solution will involve almost certainly some tightening of the machinery for forecasting exports to the U.S. on a quarterly basis. It may stop short of legally enforced export controls, such as those imposed on colour TV exports in 1977.

Japan wants to settle the issue before the visit because Mr. Suzuki expects to be pressed hard on defence matters when he meets President Reagan. The Japanese wish to avoid the U.S. being in a position to link threats to block car exports with demands for greater Japanese spending on defence.

Mr. Rokusuke Tanaka, Minister of International Trade and Industry, will go to Washington in April for what is hoped will be "final negotiations" on the problem. His visit will be preceded by "working level" negotiations headed on the Japanese side by Mr. Naohiro Amaya, vice-minister of International Trade and Industry.

Japan exported 1.82m cars to the U.S. last year and took 21.3 per cent of the market—a level accepted, even in Tokyo, as unreasonably high. To stave off pressure for unilateral import restraint by the U.S., the Ministry of International Trade and Industry (MITI) produced a forecast last September of 1980 last quarter exports, indicating some decline in Japanese shipments.

A forecast for the January-March quarter was released by MITI two weeks ago. According to this, shipments should not exceed 450,000 cars (compared with 461,000 shipped in the first quarter of 1980).

Apart from its quarterly forecasts, based on figures collected *from companies by the Japan* Automobile Manufacturers' Association MITI has warned car exporters to act "prudently" in the U.S. market.

These measures have been insufficient to stave off protectionist pressures in Congress (to which the Reagan Administration appears to be listening with some sympathy). MITI is studying tougher measures which could include one or more of the following:

● Export forecasts based on a longer period (say one year).

● Forecasts based on two-way consultation between MITI and car manufacturers.

● Legal restraint under the Export Control Ordance. (This can be invoked only if a threat to the stability of international trade relations is shown to exist).

MITI will keep a close watch on developments in the U.S. Its decisions may be delayed until publication of a report on car imports by the U.S. Transport Department. This is due for publication next week.

MITI's willingness to forecast car exports to the U.S. contrasts with it refusal to issue an EEC export forecast, although the Government has indicated that this year's increase in shipments to West Germany and Benelux will be "moderate."

Nissan plans for output abroad, Page 28

U.S. ready to defer $80m of Polish debt

By David Buchan in Washington and Robert Mauthner in Paris

THE U.S. is ready to take a first, small step towards helping the politically and financially beleaguered Polish Government by letting it defer payment of $80m (£35.6m) in interest due on official U.S. agricultural credits, according to Washington reports.

The move is small in the context of both the U.S. share of Poland's hard currency debt, around $3.5bn, and the total which is more than $23bn.

The U.S. is believed to have explained the move to other creditor countries of Poland at a meeting which started yesterday in Paris.

Secrecy

Representatives from Japan, West Germany, France, Britain, Canada and Austria were believed to have attended.

A veil of secrecy has been drawn over the talks, but the subject covered is an open secret. Given the serious state of the Polish economy, the size of its debt and debt servicing charges, a means must be found by the Western creditor countries to help Poland avoid a complete financial collapse.

The Poles are increasingly unable to service this debt and also have to finance a large current account deficit.

According to a study published by the Royal Institute of International Affairs in London, Poland will need to borrow some $10bn this year, of which $6.5bn will be required to repay and service existing debts.

Radical

The remaining $3.5bn would finance the current account deficit.

Poland's financial problems have been dealt with by short-term rescheduling on a bilateral basis. This piecemeal approach appears to have been favoured by the Poles, but the Western Governments believe a more radical long term solution is required.

U.S. allies have pressed Washington to join concerted aid for Poland.

The Soviet Union's decision last week to reschedule some loans to Poland has been welcomed by Western bankers and officials as a move which could help Western creditors reach a similar agreement.

The Reagan Administration inherited from President Carter a Polish request for up to $3bn aid in debt deferral and new loans. But it has not hurried to act, believing that Poland must *first get its political* and economic house in order before fresh foreign aid can be of much use.

Civil servants reject 7% offer

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday marginally increased its pay offer to 530,000 white-collar civil servants and proposed a new system of pay determination. The "final" offer of 7 per cent was immediately rejected by union leaders.

The new offer, sanctioned 10 days ago by Cabinet Ministers, and the loosely-worded formula proposing an "ordered and agreed" pay system for the future, was put forward in an attempt to forestall potentially-damaging industrial action.

The full Council of Civil Service Unions will meet on Thursday to approve a one-day national strike on March 9, the day before the Budget, followed by selective strikes in computer and other key areas and local lightning stoppages.

Lord Soames, the Lord President of the Council, told the *unions he was only able to* increase the offer from 6 per cent "by applying a further squeeze on other departmental staff and administration costs."

Since these were already being squeezed there was little room for manoeuvre. The 6 per cent was provided for in cash limits announced last week.

The Government will look to further economies in administration, possibly to postpone recruitment, curtail staff training and even make further manpower reductions.

Lord Soames said he felt industrial action would do the Civil Service grave harm.

The cash element of the new offer, which would add about £320m to the present annual pay bill of some £4.6bn, was seen by union leaders as too small to affect the prospect of action.

However, the unions agreed to swift talks with officials of the Civil Service Department to flesh out the words. Senior union officials will discuss the formula this morning.

More moderate unions might be attracted by the formula, which states: "The Government intends to review the arrangements for determining the pay of the non-industrial civil servants with the object of establishing as soon as practicable an ordered and agreed system which takes account of all relevant factors and will command the widest possible acceptance."

Union leaders criticised the formula for its vagueness, but some are worried that its very looseness might be used to introduce changes in the pay system first put forward by the Government last year.

Lord Soames told the unions that pay determination for the Civil Service was "an area in which there was plenty of room for novelty." But he also said he could not envisage a future system which did not contain some element of comparability.

A key point may well be how far, if at all, the unions would be prepared to treat separately the questions of this year's pay increase and a system for future years.

Voting on industrial action in the largest union, the Civil and Public Services Association, is running at about 3-1 in favour. The final result will be known today.

Thomson in joint bid for Abitibi

BY ROBERT GIBBENS IN MONTREAL

THE BATTLE for control of Abitibi-Price, the world's largest newsprint manufacturer, took an unexpected turn yesterday when Thomson Newspapers joined forces with Nu-West, a Calgary real estate and oil group, in a C$363m (£96m) bid that could give the two companies a 41 per cent stake between them.

The offer, for up to 8.5m Abitibi-Price shares priced at C$31 a share, is being made through principal Canadian stock exchanges. Funds have been deposited with two banks.

The bid comfortably exceeds the C$28 a share offered earlier this month for about 40.6 per cent of Abitibi-Price by Olympia and York Investments, the property group controlled by the Reichmann family of Toronto.

A successful bid would give Thomson Newspapers, holding company for Lord Thomson's Canadian Press interests, its first major stake in the production of newsprint.

Lord Thomson and another Thomson representative already sit on the Abitibi board. Thomson Newspapers owns the Toronto Globe and Mail and more than 100 other papers in North America. The group includes the Hudson's Bay Company retailing chain and, indirectly, owns important oil, gas and mineral interests besides its North Sea and other UK holdings.

Thomson and Nu-West say they want the Abitibi management to continue and that their investment in the company would be "long term." Abitibi-Price has said it would prefer a major controlling shareholder rather than having its shares broadly distributed and open to possible takeover.

The Olympia and York bid was for 6½m Abitibi shares and totals C$190m. It was in response to a C$27.50 offer for 2½m shares from Federal Commerce and Navigation, a major Canadian shipping group which recently diversified into oil and gas.

Federal controlled by the Pathy family, has since bought several blocks of Abitibi shares, raising its total holding to 21 per cent *after* withdrawing its original offer.

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Spanish Parliament

was greeted by some with cries of "Long live the army." Others shouted, "Long live liberty."

There was confusion as there appeared no immediate demands from inside the building.

Madrid traffic at the beginning of the rush hour was diverted, and crowds surged towards the Parliament building to see what was happening. There was no sign of the Army.

Early indications were that the dissident Guardia Civil were pushing for a "government of national salvation" headed by a military man, and would use the deputies as hostages. The entire Government and Opposition were inside the building.

There was remarkable similarity to an abortive putsch in November 1978, when a group of Guardia Civil officers intended to take over the Prime Minister's office during a Cabinet meeting, and when the King was out of the country.

Unconfirmed reports said that the officer who walked into Parliament was Antonio Pejero.

He was one of the convicted plotters in the so-called "Galaxy Plot" in 1978.

A more serious development was the move by Gen. Milans del Bosch in Valencia.

This man formerly commanded the crack Brunete division based outside Madrid, and is considered the military's main intervention unit in case of inter-security problems.

He was moved from this position to Valencia largely because his views were considered too extremist, and because he was felt better posted away from Madrid.

He has also been involved in incidents of insubordination to the Suarez Government.

The Spanish Joint Chiefs of Staff denied last night that Gen. Milans del Bosch had declared a state of emergency in the Valencia district, though he was heard to do so in a radio broadcast.

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Sterling

forcefully the West German Bundesbank will implement its new high interest rate policy.

Following last week's Bundesbank move to cut off short term credits to the banks under its Lombard facility, banks are paying 11 to 12 per cent for overnight money on the Frankfurt money market, and longer term capital market yields have risen by about ½ percentage point.

However, one dealer said yesterday: "All the Bundesbank has done is play the card of high interest rates that makes it more expensive to speculate against the Mark, but the fundamentals, for example the balance of payments problem, haven't changed."

Underlying the doubts, Dr. F. Wilhelm Christians, co-chairman of West Germany's largest commercial bank, Deutsche Bank, warned that 1981 may see little or no improvement in West Germany's inflation rate or its DM 28bn current account deficit.

THE LEX COLUMN

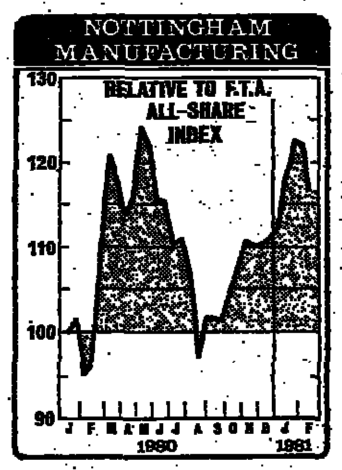
Duport's painful struggle

A main objective of the recent negotiations between Duport, its bankers and British Steel has been to keep a slimmed down Duport alive—with a reasonable chance of survival. So although yesterday's closure news is another bitter blow to South Wales, it is probably the best that could have been reasonably expected in the circumstances. Surgery on its steel business will leave a gaping hole in Duport's balance sheet, but at least the patient is still breathing.

A key part of the conditional agreement which has been accepted in principle by Duport and its bankers appears to be that British Steel will take control of Duport's re-rolling and related activities in the Midlands and Sheffield. It seems likely to be offering some kind of paper for this privilege—rather than hard cash—but the great thing is that it will take with these assets large slabs of related debt.

Duport's net worth in January 1980 was put at £67m. At a wild guess, trading losses, redundancy and closure costs, and large write-offs could reduce that figure by two-thirds after these deals. Thanks to the British Steel transfer, the debt: equity ratio could be held at roughly 1:1. But there is some way to go yet, and a measure of Duport's precarious position is that it has deferred payment of a preference dividend costing £22,000. The shares were suspended yesterday at 12p, where a market capitalisation of £6m looks a fair reflection of the present picture.

Index fell 1.8 to 486.6



Hoover UK

Trading has become tougher for Hoover through 1980, with £2.6m of the full year's pre-tax loss of 2.75m occurring in the final quarter. And this period has not been significantly affected by redundancy payments, which accounted for about £1m of the £1.4m UK trading loss in the preceding three months. The main problem seems to have been in vacuum cleaners where the market share of imports has soared from 21 per cent to 36 per cent in a year. This is likely to have been a major cause of a £20m jump in Hoover's stocks of finished goods over the year, producing net debt of about £13m in a previously ungeared balance sheet.

While Hoover is working hard on bringing down stock levels, trading losses may well become worse before there is any improvement. Further competition in cleaners is building up and there has been a wage rise in January. Meanwhile it is too early to say whether recent 4½ per cent price rises will stick this year (they failed to do so in 1980). Further redundancies are likely but other aspects of the company's strategy will have little positive impact in the short term.

Trading down-market in washing machines may improve volume, but only at the expense of margins and possibly brand image. The "A" shares fell only 3p yesterday to 124p producing a yield of 7 per cent. With an attributable current cost loss per share of 69p, the main surprise is that any final dividend at all has been paid.

Nottingham Manf.

After the halving of trading profits in the first six months, Nottingham Manufacturing has managed to surprise the stock market with a second half in which the impact of recession is barely evident. Trading profits have fallen by a mere 3 per cent to £9.2m in the half, while at the pre-tax level there has been a 3 per cent improvement to £10.8m. So the company has produced £15m, against £16.8m in 1979. It has thrown in a 9 per cent increase in the final dividend for good measure, and the share price jumped 9p yesterday to 118p.

In the first half volume was squeezed by about a tenth, whereas it has held steady in the second. It looks as if the company absorbed the effect of destocking in the early part of the year. Nottingham has gained market share in the year, with the Marks and Spencer link proving its worth in terms of volume. In the face of pressure on output prices, the company's internal rate of inflation has been held to about 7 per cent. Working capital has been cut from £14m to £10m.

Elsewhere capital expenditure has been trimmed from £8m to £5½m, and is unlikely to rise much in the current year. All of which has helped produce a further sharp rise in net cash from £38.2m to £44.4m at the year end, or 58½p a share on a fully-diluted basis. The earnings are of high quality by the standards of the manufacturing sector, with a reduction of less than 30 per cent in pre-tax profits on conversion to current cost accounting.

This year pressure on trading *margins is unlikely to let up* yet another steady performance is in view. The dividend is more than twice covered by current cost earnings and the yield is about 5 per cent.

TSB/UDT

The Trustee Savings Banks' bid for UDT reaches its first closing date on Thursday, and seems to be home and dry. After completion, two further moves should be taken with some urgency.

The first concerns the disposal of those assets which the TSB will not retain, notably the commodities clearing house. This is of growing importance to the financial community and its future needs to be settled swiftly. Although it will be a costly purchase — maybe £40m or more—interest has already been expressed from a number of sources. One possibility is that a syndicate of users could take an interest.

Next, the constitution of the TSB needs to be defined much more precisely than at present. Although they are becoming a major force in the retail banking market, the banks do not come within the 1979 Banking Act, and are supervised in a rather informal way by the Bank of England on behalf of the Treasury. They are an unincorporated group which does not produce consolidated accounts, and there is too much uncertainty about who is responsible for the management of their reserves, which are now approaching £500m.

The banks could become proper mutual organisations, akin to building societies, or they could be limited by guarantee and responsible to some group of trustees representing the public. A new force of competition is very welcome, but there should be no room for doubt about the authority of the responsible Government department which in logic ought to be the Bank.

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